

CITY OF
MOUNTAIN VIEW,
CALIFORNIA

FISCAL YEAR
2006-07

NARRATIVE BUDGET
REPORT—SPECIAL AND
UTILITY FUNDS
AND FOLLOW-UP

**CITY OF MOUNTAIN VIEW
MEMORANDUM**

DATE: April 27, 2006

TO: City Council

FROM: Kevin C. Duggan, City Manager

SUBJECT: MAY 2, 2006 STUDY SESSION—TRANSMITTAL OF NARRATIVE
BUDGET REPORT—PART II—SPECIAL AND UTILITY FUNDS AND
GENERAL FUND FOLLOW-UP

The City Council has scheduled a Study Session for May 2, 2006, to consider additional recommendations associated with the adoption of the City's budget for Fiscal Year 2006-07. The topic for the evening will be the recommendations incorporated in the "Narrative Budget Report—Part II." Part I of the Narrative Budget Report was presented to the City Council on April 4 and addressed the General Operating Fund. Part II primarily covers other funds of the budget, including special funds (Revitalization Authority and Shoreline Regional Park Community) and utility funds (Water, Wastewater, Solid Waste). Additional information requested by Council at the April 4 Study Session will also be reviewed.

In addition to the April 4 and May 2 Study Sessions, the City Council has had, or will have, the following meetings leading to the adoption of the Fiscal Year 2006-07 budget:

- Mid-Year Budget Status Report (February 7)
- Goal-Setting Workshop (Part I)/Budget Review—Fiscal Year 2006-07 (February 21)
- Community Development Block Grant Public Hearing (March 28)
- Five-Year Capital Improvement Program Study Session and Goal-Setting Workshop (Part II) (April 18)
- Second CDBG Public Hearing (April 25)
- Five-Year Capital Improvement Program Adoption/Fiscal Year 2006-07 Goals Adoption (May 9, tentative)
- Budget Public Hearing (June 6)
- Budget Adoption (June 13)

The major issues addressed in the Narrative Budget Report—Part I were the following:

- General Operating Fund revenues are performing substantially better in the current fiscal year and this trend is expected to continue into next fiscal year. This

increased revenue allows for recommendations to modestly restore some service levels impacted by past reductions.

- Recommendation to separately account for revenues and expenditures related to building services.
- Recommendation to restructure General Fund reserves.
- General Operating Fund budget alternatives were included for Council consideration for Fiscal Year 2006-07 or future years.

The major issues/recommendations included in the Narrative Budget Report—Special and Utility Funds and General Fund Follow-Up—Part II include:

Special Funds:

- Revitalization Authority: The Revitalization Authority is in good financial condition and is able to meet its current financial obligations. The primary revenue source (property taxes) has seen significant growth since Fiscal Year 2002-03 due to new development and properties changing ownership in the downtown. The second and final ERAF III payment of \$294,000 will be made in May 2006.
- Shoreline Regional Park (North Bayshore) Community Fund: From Fiscal Year 2002-03 through Fiscal Year 2004-05, property values declined substantially, significantly impacting revenues and available balance. The Community was further impacted by the \$1.8 million ERAF III annual payment for the prior and current fiscal years. However, current fiscal year secured property values have increased over the prior fiscal year and are anticipated to increase again next fiscal year. The fund is in good financial condition and is able to fulfill its obligations, including debt service, interagency agreements, capital projects and operating costs.

Utility Funds:

- Water Enterprise (Utility) Fund: Although no increase to wholesale water rates for Fiscal Year 2006-07 was previously projected by the San Francisco Public Utilities Commission (SFPUC), it is now proposing a 13.7 percent rate increase. A 10.0 percent rate adjustment is recommended for next fiscal year in order to recover the increased cost of wholesale water and other cost increases.

- Wastewater Enterprise (Utility) Fund: For the current fiscal year, the Council adopted a strategy to restructure rates to be phased in over three fiscal years to recover the cost of providing services at a customer class and program level. Staff projects we are on target with meeting this goal, so that after Year 3 (Fiscal Year 2007-08), operating revenues will be sufficient to cover operating expenditures and fund the base level of annual capital maintenance projects. This strategy calls for a 10.0 percent increase in revenues for Fiscal Year 2006-07.
- Solid Waste Management (Utility) Fund: The Solid Waste Management Fund is in good financial condition. A 1.95 percent CPI increase for Foothill Disposal and other operating cost increases results in a recommended overall 2.0 percent rate increase. Council will also be provided an option to implement weekly, rather than biweekly, residential recycling collection services.

Performance Measures

The nine-month update of the City's Performance Measures/Workload Measures by department is provided.

Staff looks forward to reviewing this information with the City Council on May 2.

Prepared by:



Kevin C. Duggan
City Manager

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Attachments

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**CITY OF MOUNTAIN VIEW
MEMORANDUM**

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FROM: Kevin C. Duggan, City Manager

SUBJECT: MAY 2, 2006 STUDY SESSION—NARRATIVE BUDGET REPORT—
SPECIAL AND UTILITY FUNDS

The City Council held a Study Session on April 4, 2006 to consider budget recommendations for the General Operating Fund, including Shoreline Golf Links, for Fiscal Year 2006-07. Over the past few years, the General Operating Fund budget has been brought to Council approximately a month earlier than had traditionally been the practice. This has provided the City Council with more time to consider and review major budget recommendations and alternatives prior to the June hearings. This report presents the "Special and Utility Funds" section of the Narrative Budget Report, including the Revitalization Authority, Shoreline Regional Park Community, Water, Wastewater and Solid Waste Management Funds.

One of the recurring expenditure recommendations you will see in this report is the funding of the unfunded liability for the City's Retirees' Health Insurance obligation. As was discussed in the General Operating Fund's Narrative Budget Report, this obligation will be subject to new financial reporting requirements beginning in Fiscal Year 2007-08. The City has been calculating, discussing and partially funding this liability since the early 1990s. In the latest actuarial report, the Actuarial Accrued Liability (AAL) is calculated at \$43.8 million in total. The "Other Funds" (other than the General Fund) share of this liability, is \$8.8 million and is entirely unfunded to date. Although this liability will be recalculated prior to the end of Fiscal Year 2007-08 and the amount will likely change, it is recommended that the Other Funds address their Unfunded AAL (UAAL) and begin budgeting their full ongoing (normal) costs of this liability.

Revitalization Authority Fund

The Revitalization Authority (Authority) was established in 1969 in order to spur the renovation of downtown Mountain View. It is a legally separate governmental entity with the City Council acting as the governing board. The Authority has undertaken a number of projects and programs over the years to renovate and redevelop the downtown area of Mountain View. A major redevelopment of the public infrastructure on Castro Street was completed in 1990. This project was a successful endeavor benefiting the community and allowing the downtown area to enhance its role as the focal point of the community. As a result of the redevelopment plan modifications adopted in 1995 which were required by a change in State law, the Authority can no longer issue debt, will cease redevelopment activities in April 2009, and will not receive property tax increments after April 2019.

The economic recession of the early 1990s and the subsequent inception of the 20.0 percent Housing Set-Aside requirement greatly impacted the Authority's financial condition. However, since that time, private redevelopment/construction activity within the Authority's boundaries has resulted in a significant increase in property tax (increment) growth that has significantly improved the financial condition of the Authority.

Revitalization Authority revenue for Fiscal Year 2005-06 are estimated at \$3.9 million, \$255,000 more than the adopted budget of \$3.7 million. Property tax revenue is \$148,000 more than anticipated in the adopted budget, the combination of increased secured and unsecured assessed value. Expenditures for the current fiscal year are estimated at \$3.0 million and are on target with budget.

In September 2003, \$16.9 million of debt was issued to refinance the 1995 Certificates of Participation (COPs) and finance the construction of the new 405-space downtown parking structure. The 12,500 square feet of retail space on the ground floor of the parking structure will be leased to Longs Drugs and parking is anticipated to be available by December 2006.

In December 2003, the Authority issued an additional \$7.0 million of debt (\$6.0 million for low- and moderate-income housing and \$1.0 million for future downtown capital needs). The \$6.0 million for low- and moderate-income housing remains available for a future housing project, and staff is in the process of developing recommendations for the balance of the \$1.0 million for downtown improvements.

The State-mandated Housing Set-Aside requirement is equal to 20.0 percent of annual property tax revenues allocated to the Authority. These funds are required to be used to provide low- and moderate-income housing. Council previously approved the use of

\$809,000 of set-aside funds to assist with construction of 118 efficiency studios at the San Antonio Loop property that were completed in March 2006.

The Housing Set-Aside Fund is currently estimated to end the current fiscal year with a \$9.8 million balance which includes the \$6.0 million of proceeds from the 2003 low- and moderate-income housing debt issue, the accumulated balance of annual 20.0 percent set-aside amounts, plus investment earnings. On May 9, staff is scheduled to discuss housing strategies, priorities and utilization of these funds with the Council. In addition, at a future Council meeting, the Council will be considering allocation of \$850,000 in Housing Set-Aside funds for the new Central Park Apartments.

Operating revenues are estimated to exceed operating expenditures by \$918,000. In addition to the \$3.0 million of operating expenditures, there is the second and final State-mandated Educational Revenue Augmentation Fund (ERAF III) payment of \$294,000 and capital improvement projects (CIPs) of \$2.3 million. Council approved midyear CIP funding totaling \$1.3 million for a photovoltaic system to be installed on top of the parking structure (\$681,000) and appropriated additional bond proceeds and bond interest for the parking structure construction (\$625,000). In addition, Council approved an advance of \$1.1 million from the Authority for the parking structure project to be repaid from future parking in-lieu fees. The fund is estimated to end the current fiscal year with a balance of \$1.5 million and \$73,000 of unappropriated reserved bond proceeds.

Due to the diversion of revenue to ERAF III, staff is evaluating the possibility of extending the life of the Authority for an additional two years. Staff will return to Council at a later date with an analysis and possible resolution to adopt an extension for the Authority.

Revenues, expenditures and balance comparisons for the Revitalization Authority Fund follow (amounts in thousands):

	<u>2004-05</u> <u>Audited</u>	<u>2005-06</u> <u>Adopted</u>	<u>2005-06</u> <u>Estimated</u>	<u>2006-07</u> <u>Recommended</u>
Revenues:				
Property Taxes	\$3,463	3,397	3,545	3,732
Investment Earnings	<u>467</u>	<u>283</u>	<u>390</u>	<u>189</u>
Total Revenues	<u>3,930</u>	<u>3,680</u>	<u>3,935</u>	<u>3,921</u>
Expenditures:				
Operating	497	581	602	557
20% Set-Aside	693	679	709	746
Debt Service	1,598	1,552	1,525	1,553
Loan Payment	<u>180</u>	<u>181</u>	<u>181</u>	<u>166</u>
Total Expenditures	<u>2,968</u>	<u>2,993</u>	<u>3,017</u>	<u>3,022</u>
Operating Balance	962	687	918	899
ERAF	(256)	(256)	(294)	-0-
Advance to Parking In-Lieu	-0-	-0-	(1,146)	-0-
Loan Repayment	-0-	-0-	-0-	(413)
Retirees' Health UAAL	-0-	-0-	-0-	(36)
Capital Projects	<u>(1,401)</u>	<u>(977)</u>	<u>(2,282)</u>	<u>-0-</u>
Excess (Deficiency) of Revenues	(695)	(546)	(2,804)	450
Beginning Balance	5,079	4,384	4,384	1,580
Reserved Bond Proceeds	<u>(1,724)</u>	<u>(868)</u>	<u>(73)</u>	<u>(107)</u>
Ending Balance	<u>\$2,660</u>	<u>2,970</u>	<u>1,507</u>	<u>1,923</u>
Housing Set-Aside ⁽¹⁾	<u>\$9,352</u>	<u>9,737</u>	<u>9,754</u>	<u>10,183</u>

⁽¹⁾ Balance in fund includes \$6.0 million bond proceeds for future low- and moderate-income housing.

The Fiscal Year 2006-07 expenditure recommendations include the following:

- Business Promotion: \$15,000

Provides funding to continue promotion of the downtown to attract and diversify retailers. These funds would be used to obtain contract assistance to develop marketing materials and for advertising in various publications.

Revenues for the upcoming fiscal year are projected at \$3.9 million and expenditures are recommended at \$3.0 million. Investment earnings are projected to decline due to the spendout of bond proceeds for the parking structure. Included in recommended expenditures is \$289,000 for the Authority Fund's full allocation of administrative support provided by the General Operating Fund and the annual ongoing normal cost of \$2,000 for Retirees' Health benefits. Additionally, staff is recommending funding \$36,000 for the Authority's share of the Retirees' Health unfunded actuarial accrued liability (UAAL).

There is also a \$413,000 outstanding loan from the Strategic Property Acquisition Reserve that assisted with the \$725,000 property purchase of 253-255 Franklin Street and \$2.0 million of debt was incurred for the purchase of property located at the corner of California and Bryant Streets (across from Mountain Bay Plaza). Both were planned to be repaid with proceeds from the sale of these properties. However, staff is recommending the \$413,000 loan be repaid from the Authority's available balance to the Strategic Property Acquisition Reserve as this will assist in providing for the full funding of the Council-authorized acquisition of the Moffett Gateway properties.

The projected revenues over expenditures is \$450,000, and the fund is projected to end Fiscal Year 2006-07 with a \$1.9 million balance and \$107,000 of reserved bond proceeds available for capital projects.

Shoreline Regional Park (North Bayshore) Community Fund

The Shoreline Regional Park Community (Community) was created in 1969 for the development and support of the Shoreline Regional Park and the surrounding North Bayshore Area. This fund has traditionally been in a relatively strong financial position with sufficient resources to finance expenditures, including significant capital improvements. The combination of previously declining taxable assessed property values, consecutive years of large capital projects and additional financial commitments have significantly reduced the available balance in the fund to a more appropriate level.

Total estimated revenues for the current fiscal year are \$21.0 million compared to budgeted revenues of \$18.9 million. Property taxes are trending \$1.5 million higher than the \$16.5 million budget. The budget anticipated a decline in both secured and unsecured values because of office vacancies, assessment appeals and the County's actions to proactively reduce assessed values. However, the Fiscal Year 2005-06 secured value increased over the prior year tax roll for the first time in three years and, as a result, secured property tax revenue is estimated at \$1.7 million over budget. Unsecured (fixtures and equipment) assessed values began declining in Fiscal Year 2002-03 and continued this trend through the current fiscal year.

Expenditures are estimated at \$19.5 million, \$3.7 million more than the current fiscal year's adopted budget of \$15.8 million. This estimate includes expenditures related to the Amphitheatre litigation and interagency agreements. The interagency agreements include the payments to the County of Santa Clara (County) in accordance with the agreement authorized in December 2004; and in February 2006, the Council approved and appropriated \$800,000 for the Joint Powers Agreement (JPA) with the Mountain View-Whisman School District and the Mountain View-Los Altos Union High School District. Capital projects were funded in the amount of \$8.1 million and increased midyear by \$840,000 for the Sailing Lake Water Supply Construction (\$390,000) and the Yuba Drive Trail Head Property Acquisition (\$450,000). The Community is making the second and final \$1.8 million State-mandated property tax payment (ERAF III). The fund is estimated to end the current fiscal year with a balance of \$11.7 million, which is significantly lower than the \$20.9 million ending balance in Fiscal Year 2004-05. A balance in this fund is desirable to be maintained due to the risk of unanticipated environmental issues related to the former landfill sites.

Revenues, expenditures and balance comparisons for the Shoreline Regional Park
(North Bayshore) Community Fund follow (amounts in thousands):

	<u>2004-05</u> <u>Audited</u>	<u>2005-06</u> <u>Adopted</u>	<u>2005-06</u> <u>Estimated</u>	<u>2006-07</u> <u>Recommended</u>
Revenues:				
Property Taxes	\$17,335	16,525	18,058	18,413
Investment Earnings	1,647	1,444	1,650	1,448
Capital Project Refunds	127	-0-	-0-	-0-
Bond Repayment	576	721	721	720
Other	<u>168</u>	<u>173</u>	<u>573</u>	<u>140</u>
Total Revenues	<u>19,853</u>	<u>18,863</u>	<u>21,002</u>	<u>20,721</u>
Expenditures:				
Operating	7,161	7,350	10,162	7,366
Interagency Agreements	-0-	1,581	2,480	2,513
Debt Service	5,316	4,974	4,965	4,973
Loan Payment	<u>1,894</u>	<u>1,894</u>	<u>1,894</u>	<u>1,894</u>
Total Expenditures	<u>14,371</u>	<u>15,799</u>	<u>19,501</u>	<u>16,746</u>
Operating Balance	5,482	3,064	1,501	3,975
ERAF	(1,807)	(1,807)	(1,807)	-0-
Retirees' Health UAAL	-0-	-0-	-0-	(1,036)
Capital Projects	<u>(10,149)</u>	<u>(8,056)</u>	<u>(8,896)</u>	<u>(1,810)</u>
Excess (Deficiency) of Revenues	(6,474)	(6,799)	(9,202)	1,129
Beginning Balance	<u>27,327</u>	<u>20,853</u>	<u>20,853</u>	<u>11,651</u>
Ending Balance	<u>\$20,853</u>	<u>14,054</u>	<u>11,651</u>	<u>12,780</u>

The Fiscal Year 2006-07 expenditure recommendations include the following:

- Parks Maintenance Worker Position (1.0): No net cost

Adds a Parks Maintenance Worker I/II position at a cost of \$80,500 to be fully offset by a reduction in contract services. This brings the maintenance of Charleston Park in-house to better control and manage the appearance of the park.

- Business Recruitment: \$15,000

Provides funding for contract services to assist with business recruitment and retention in the North Bayshore Area. This funding will help identify and assist in recruiting potential businesses to the North Bayshore Area. Part of these funds will be used to contract with an Internet service that tracks and lists available vacant space. This service would be linked to the City's web site for brokers/property managers use when seeking space available in the North Bayshore Area.

- Ranger and Landscape Maintenance Services: \$8,900

Provides funding for an annual cost-of-living adjustment for ranger and landscape maintenance contract services.

- Joint Venture:Silicon Valley (JVSV): \$5,000

Increases funding to Joint Venture:Silicon Valley, an organization focused on economic development in the area. Total requested is \$20,000. Mountain View is one of 22 cities and counties contributing to JVSV.

- Irrigation System Operations Lease: \$3,600

Provides the second half of the annual funding needed for fees associated with Phase I of a City-wide project to centralize irrigation system operations by installing remote-control irrigation controllers in order to improve water conservation and enhance staff efficiency. The first half of the funding was added to the current fiscal year's budget.

- Major Capital Outlay:

- Exhaust Extraction System: \$23,000

Provides funding for a diesel exhaust ventilation system as required by Cal OSHA for Fire Station 5. All other stations have such a system.

- Utility Vehicle: \$18,800

Provides funding for a utility vehicle to be used by the recommended Parks Maintenance Worker I/II position in order to maintain Charleston Park.

- Major Capital Improvement Projects:

- Additional funding for Permanente Creek Pedestrian/Bike Overcrossing at Highway 101, Construction: \$775,000
- Stevens Creek Trail, El Camino Real to Dale Avenue/Heatherstone Way: \$335,000

Information regarding next fiscal year's tax roll will not be available from the County Assessor's Office until after July 1. However, the current vacancy rate in the North Bayshore Area is approximately 13.0 percent, down from a high of 25.0 percent in Fiscal Year 2002-03 and this is projected to positively impact property tax revenue. An overall 2.0 percent assessed value increase is anticipated for the upcoming fiscal year, plus the increased revenue related to specific properties that have changed ownership. Investment earnings are projected at \$1.4 million, a \$202,000 decline from the current fiscal year estimate, primarily related to the spendout of CIPs. Overall, revenues for the upcoming fiscal year are projected to be \$20.7 million, \$281,000 lower than the current fiscal year estimate of \$21.0 million, primarily due to reduced investment earnings and the one-time reimbursement revenue received in the current fiscal year.

Recommended expenditures are \$16.7 million, including \$4.2 million for reimbursement of public safety services and administrative support costs provided by the General Operating Fund. In addition, there is debt service, interagency payments to the County and the JPA with the school districts, capital projects of \$1.8 million and recommended funding of \$1.1 million related to the Retirees' Health UAAL (the normal costs of \$44,000 have been included in operating expenditures). The ending balance of the fund is projected to be \$12.8 million for Fiscal Year 2006-07.

It is anticipated that the level of funding available in recent years for large capital projects may not be present in the future, requiring issuance of additional long-term debt to fund large projects. Smaller balances and additional long-term debt is consistent with the intent of the legislative act establishing the Community that contains extensive provisions authorizing the Community to issue long-term debt (to finance capital costs and infrastructure) with debt service funded from tax increment revenues. The act also requires the Community to have outstanding debt in order to receive tax increment. Currently, the principal amount of Community debt outstanding is \$46.6 million and the debt service coverage ratio is approximately 360.0 percent. This is considered a high ratio of revenue to debt service.

The Fiscal Year 2006-07 proposed CIP contains projects totaling \$14.9 million over the five years of the plan, including Fire Station 5. Staff may be returning to Council with the possibility of issuing debt to fund one or more projects in the proposed CIP.

While the demands on this fund have risen, the Shoreline Regional Park Community Fund remains in a strong financial position.

Water Enterprise Fund

The Water Enterprise Fund accounts for the revenues and expenditures associated with the provision of retail water service to Mountain View residents and businesses. The City provides water service to 96.0 percent of water customers within the City limits while the California Water Service Company (a private company) provides service to approximately 4.0 percent of water customers in a few previously unincorporated neighborhoods. Water for the City's system is obtained primarily from the San Francisco Public Utility Commission (SFPUC) through its Hetch-Hetchy system (89.3 percent). Water is also purchased from the Santa Clara Valley Water District (SCVWD) (9.5 percent) and 1.2 percent is obtained from City-owned wells. The primary costs associated with water service are the purchase of water, staffing to operate and maintain the system, ongoing maintenance and major capital replacement and improvement projects. Charges for service are designed to fully cover ongoing annual costs and a base level of annual capital improvement projects as well as to maintain an adequate reserve.

No rate adjustment was implemented for Fiscal Year 2005-06 as all operating cost increases were offset by the decrease in wholesale water costs of 9.7 percent from SFPUC. Current revenue estimates for Fiscal Year 2005-06 are slightly higher than budgeted at \$16.6 million, with water sales slightly higher than budget. Expenditures for the current fiscal year are estimated at \$13.6 million compared to the budget of \$14.1 million, primarily as a result of savings in salary and supplies accounts.

Revenues, expenditures, balances and reserve comparisons for the Water Fund follow (amounts in thousands):

	<u>2004-05</u> <u>Audited</u>	<u>2005-06</u> <u>Adopted</u>	<u>2005-06</u> <u>Estimated</u>	<u>2006-07</u> <u>Recommended</u>
Revenues:				
Investment Earnings	\$ 883	892	930	798
Water Sales	14,038	14,830	15,053	16,558 ⁽¹⁾
Other	<u>670</u>	<u>562</u>	<u>575</u>	<u>663</u>
Total Revenues	<u>15,591</u>	<u>16,284</u>	<u>16,558</u>	<u>18,019</u>
Expenditures:				
Operating	5,498	7,176	6,660	7,385
Water Purchases	6,429	6,302	6,302	7,077
Debt Service	<u>659</u>	<u>634</u>	<u>629</u>	<u>627</u>
Total Expenditures	<u>12,586</u>	<u>14,112</u>	<u>13,591</u>	<u>15,089</u>
Operating Balance	3,005	2,172	2,967	2,930
Retirees Health UAAL	-0-	-0-	-0-	(1,122)
Bond Proceeds	9,428	-0-	-0-	-0-
Capital Projects	<u>(12,481)</u>	<u>(5,276)</u>	<u>(5,276)</u>	<u>(2,618)</u>
Excess (Deficiency) of Revenues	(48)	(3,104)	(2,309)	(810)
Beginning Balance	11,397	11,349	11,349	9,040
Reserves	<u>(5,631)</u>	<u>(5,570)</u>	<u>(5,570)</u>	<u>(5,816)</u>
Ending Balance	\$ <u>5,718</u>	<u>2,675</u>	<u>3,470</u>	<u>2,414</u>

⁽¹⁾ Based on rate adjustment of 10.0 percent.

The major factors that influence rate setting for the Water Fund are: (1) the cost of wholesale water; (2) water consumption level; (3) annual operating costs; and (4) the level of capital improvements. The cost of water purchases from the SFPUC and other water sources (approximately 46.4 percent of ongoing expenditures) has been subject to major fluctuations over the past 10 years and has caused the City's retail water rates to vary significantly.

Water rates from SFPUC are determined based on a contractual formula. Due to higher than expected water sales, lower expenditures and credits owed to suburban water users, the Bay Area Water Supply and Conservation Agencies (BAWSCA), of which the City is a member, worked with the SFPUC which then adopted a rate decrease of 9.7 percent for wholesale water costs effective April 1, 2005. The decrease was anticipated to remain in effect for Fiscal Years 2005-06 and 2006-07. However, current projections have the SFPUC now proposing a rate increase of 13.7 percent effective July 1, 2006. This is a 23.4 percent swing in the cost of wholesale water. In addition, a 4.9 percent rate increase is proposed for SCVWD for next fiscal year.

Water consumption is a significant factor in the revenues generated by this fund. In the drought of the early 1990s, reduction in water usage was encouraged. Significant rate increases were implemented to fund fixed operating costs spread over a lower number of water units sold. For several years in the late 1990s, water consumption exceeded projections, which allowed for the funding of Water Master Plan projects from existing resources rather than having to issue debt to finance these projects. Water consumption has been fairly consistent for the last few fiscal years.

Lastly, annual capital projects of \$2.2 million are included in the annual rate calculation. If in any fiscal year capital projects are more or less than this amount, the difference is accounted for by an increase or decrease in Water Fund reserves. However, with the funding of the Graham Reservoir, excess funds in the reserve or other available balances no longer exist. In addition, the reserve policy is based on a percentage (10.0 percent for contingencies and 15.0 percent for rate stabilization) of operating expenditures and, as expenditures rise, so does the reserve requirement.

Another impact to this fund is the cost of Retirees' Health. The ongoing normal costs are estimated to be \$126,000 annually. There is also an unfunded actuarial accrued liability (UAAL) of \$2.8 million. As there are no excess reserve funds available, the \$2.8 million is recommended to be amortized over a three-year period. The first year represents \$1.1 million (which includes an annual amortization cost) and is being drawn from the available balance.

The Fiscal Year 2006-07 expenditure recommendations include the following:

- Contract Systems Analyst for SCADA: \$50,000 Net cost

The Supervisory Control and Data Acquisition (SCADA) system monitors all water and sewer pumps, monitors landfill systems, manages overflows and notifies personnel when issues with these systems need to be addressed. The current SCADA system is outdated and a CIP is recommended for Fiscal Year 2006-07 to upgrade the system, add modules and improve data reporting. Due to the critical nature of this system, a dedicated position is needed to manage and maintain the SCADA system. This position (to be provided contractually) will also be implementing the system upgrades and new modules. Total cost is \$150,000; however, the net cost to the Water Fund is \$50,000, remaining costs will be reimbursed/shared \$50,000 Wastewater and \$50,000 Solid Waste Funds that use the SCADA system to monitor sewer and landfill gas flows, respectively.

- BAWSCA Membership Dues: \$12,500

The City pays membership dues to the BAWSCA along with 28 other member agencies. BAWSCA represents the interest of its members by negotiating with the SFPUC. Dues are assessed based on each member's water purchases. For Fiscal Year 2006-07, the BAWSCA board members are recommending a 10.0 percent increase in dues which equates to approximately \$12,500 for Mountain View.

- Utility Billing Postage: \$3,000

Provides increased funding for postage costs due to the postal rate increase this last January.

- Major Capital Improvement Projects:

— Miscellaneous Water Main/Service Line Replacement: \$1,800,000

A 10.0 percent rate increase is recommended to fund increases in operating costs and the 13.7 percent increase in SFPUC wholesale water costs. The recommended 10.0 percent increase is comprised of the following:

	<u>Dollars</u>	<u>Rate Impact</u>
Water Costs	\$775,000	5.5%
Reserve Increase	250,000	2.0%
Expenditure Recommendations (Net)	65,500	0.5%
Retirees' Health Normal Costs	126,000	1.0%
Other Operating Costs	139,500	1.0%

Fiscal Year 2006-07 projected revenues, with a recommended 10.0 percent rate adjustment, are \$18.0 million while recommended operating expenditures are \$15.1 million (after eliminating the budget effect of depreciation expense). Included in expenditures is the 13.7 percent proposed increase in wholesale water costs from SFPUC and an estimated 4.9 percent increase from SCVWD. The operating balance of \$2.9 million includes the \$2.2 million built into the rates to fund annual maintenance CIPs.

The balance of revenues over expenditures is recommended to fund \$2.6 million of capital projects. The one-time \$1.1 million of Retirees' Health UAAL expenditure is recommended to be funded from the available balance in the fund. This results in a reserve balance of \$5.8 million, and the ending balance is projected to be \$2.4 million at the end of Fiscal Year 2006-07.

Wastewater Enterprise Fund

The Wastewater Enterprise Fund is a utility fund that accounts for the costs and revenues associated with the collection, transportation and treatment of liquid wastes generated from all residences and businesses in the City. Other associated functions included in this fund are the Hazardous Materials Permit Program, the Industrial Liquid Waste Management Program and the City's Blended Water Program. Expenditures in this fund include the construction and maintenance of sanitary sewer lines and pump stations, the City's share of costs associated with the operation of the Palo Alto Regional Water Quality Control Plant (PARWQCP), in which the City is a partner, and personnel costs for the operation and maintenance of the system. This fund is impacted by costs associated with stringent requirements for treatment plant discharges into the San Francisco Bay and fluctuations in water usage. Revenues are partially governed by the amount of water used by commercial dischargers in the City each fiscal year.

Since Fiscal Year 2000-01, there has been an imbalance of ongoing revenues and expenditures due to the loss of major industrial manufacturing companies in the City. The revenue base for wastewater service charges is relatively low; therefore, each incremental percentage rate increase does not generate the same volume of revenues as compared to the City's other utility services. For the current fiscal year, the Council adopted a three-year phase-in rate strategy to recover the cost of providing services by customer class and program.

The revenue estimate for the current fiscal year is \$12.2 million, slightly below the budget of \$12.3 million. Wastewater rates were raised to generate an overall 10.0 percent increase in wastewater service charges and were budgeted at \$10.6 million in revenue for the current fiscal year. However, only an average 8.7 percent increase is being realized and wastewater service charge revenues are estimated to be \$125,000 lower than budgeted. The estimated shortfall of revenues is attributable to the industrial sector due to a decrease in usage by certain industrial and groundwater accounts.

Expenditures were originally budgeted, excluding capital projects, at \$12.2 million and are currently estimated at \$11.3 million. Each fall, an annual reconciliation of the prior fiscal year's actual treatment costs (based on volume) is performed by the PARWQCP, and an adjustment is provided to each member agency. As the treatment plant had expenditure savings from budget, a credit of \$481,000 for Fiscal Year 2004-05 wastewater treatment costs has been included in the estimates, reducing the amount owed for the current fiscal year.

In addition, there is \$1.5 million in annual capital maintenance projects, resulting in total expenditures estimated to exceed revenues by \$701,000 this fiscal year. The fund is

estimated to end the fiscal year with an ending balance of \$3.9 million and a reserve balance of \$6.5 million. The reserve balance is significantly higher than the required policy balance and continues to be drawn upon to fund ongoing annual capital projects which should be funded through annual operating revenues.

Revenues, expenditures, balances and reserve comparisons for the Wastewater Fund follow (amounts in thousands):

	<u>2004-05 Audited</u>	<u>2005-06 Adopted</u>	<u>2005-06 Estimated</u>	<u>2006-07 Recommended</u>
Revenues:				
Hazardous Materials/ Fire Safety Permits	\$ 431	488	436	440
Investment Earnings	516	571	542	549
Wastewater Service	9,657	10,624	10,499	11,548 ⁽¹⁾
Blended Water Charges	417	514	563	620
Other	<u>191</u>	<u>62</u>	<u>115</u>	<u>62</u>
Total Revenues	<u>11,212</u>	<u>12,259</u>	<u>12,155</u>	<u>13,219</u>
Expenditures:				
Operating	4,761	5,455	5,099	5,541
Wastewater Treatment	<u>5,815</u>	<u>6,731</u>	<u>6,250⁽²⁾</u>	<u>6,891</u>
Total Expenditures	<u>10,576</u>	<u>12,186</u>	<u>11,349</u>	<u>12,432</u>
Operating Balance	636	73	806	787
Retirees Health UAAL	-0-	-0-	-0-	(1,574)
Capital Projects	<u>(1,596)</u>	<u>(1,507)</u>	<u>(1,507)</u>	<u>(1,898)</u>
Excess (Deficiency) of Revenues	(960)	(1,434)	(701)	(2,685)
Beginning Balance	12,139	11,179	11,179	10,478
Reserve	<u>(8,045)</u>	<u>(6,539)</u>	<u>(6,538)</u>	<u>(6,140)</u>
Ending Balance	<u>\$ 3,134</u>	<u>3,206</u>	<u>3,940</u>	<u>1,653</u>

⁽¹⁾ Based on a total 10.0 percent increase in service revenue.

⁽²⁾ Includes credit of approximately \$481,000, offsetting this fiscal year's expenditures.

The Fiscal Year 2006-07 expenditure recommendations include the following:

- Major Capital Outlay:

- Sewer Response Trailer and Equipment: \$28,000

Provides funding for an enclosed trailer to store and move equipment to facilitate more timely responses in emergencies. The California Regional Water Quality Board regulations require the City to develop an overflow emergency response plan and respond to sewage spills in less than one hour from initial call. This trailer will help the City meet this response time.

- Major Capital Improvement Projects:

- Miscellaneous Storm/Sanitary Sewer Main Replacement: \$1,400,000

For rate-setting purposes, a \$1.5 million base level of annual maintenance capital projects is assumed. However, budgeted operating revenues are currently insufficient to support this base level of capital projects and amounts in excess of the operating balance is funded from reserves, which are higher than required by policy.

As mentioned earlier, wastewater revenues are currently estimated to be slightly lower than originally projected. However, as there are significant expenditure savings, staff anticipates the City is on target of realigning rates to more appropriately recover the cost of service by customer class and service and that by the end of the third fiscal year (Fiscal Year 2007-08), the fund will be generating sufficient revenues to cover operating costs and the \$1.5 million of base level maintenance CIPs.

To continue the strategy adopted for phasing in rate restructuring, staff recommends rate increases to generate a 10.0 percent increase in wastewater service revenues for Fiscal Year 2006-07. Recommended rates by customer class are as follows:

	<u>Actual</u> <u>FY 2005-06</u>	<u>Recommended</u> <u>FY 2006-07</u>
Residential ⁽¹⁾	\$18.65	\$19.95
Base Commercial ⁽²⁾	2.50	2.50
Industrial/Groundwater ⁽²⁾	3.50	4.25
Restaurants ⁽²⁾	3.50	4.25

⁽¹⁾Based on flat monthly rate.

⁽²⁾Based on per unit (748 gallons) of water consumed.

The phasing in of restructured rates recommended for Fiscal Year 2006-07 would result in the rate for a single-family residence increasing \$1.30 per month to \$19.95.

Based on the recommended 10.0 percent revenue increase, revenues for next fiscal year are projected at \$13.2 million and recommended expenditures are \$12.4 million (after eliminating the budget effect of depreciation expense), leaving an operating balance of \$787,000 toward funding the \$1.5 million of maintenance capital projects built into the rates. Staff is also recommending the Retirees' Health unfunded actuarial accrued liability (UAAL) of \$1.6 million be funded from the available balance. In addition, there are capital projects in the amount of \$1.9 million, resulting in total expenditures exceeding revenues by \$2.7 million. An ending balance of \$1.7 million and a reserve balance of \$6.1 million are projected at the end of Fiscal Year 2006-07.

Solid Waste Management Enterprise Fund

The Solid Waste Management Enterprise Fund is the utility fund that accounts for the revenues and expenditures for solid waste-related services, including refuse collection and disposal, recycling services, street sweeping and maintenance of two of the City's closed landfill sites.

Refuse generated in the City is transported to the SMaRT® Station (of which we are one of three partners) for removal of recyclables with the remaining refuse transported for final disposal at the Kirby Canyon Landfill in South San Jose. The City provides a variety of services through an outside contractor (Foothill Disposal) for the collection of refuse and recyclables. The City bills and collects all revenues for solid waste services.

A general rate increase of 6.0 percent was adopted for Fiscal Year 2005-06. Current City revenue estimates for Fiscal Year 2005-06 are \$8.4 million compared to the budget of \$7.9 million. Refuse service charges are trending higher than budget as the vacancy rate for commercial property has declined over the past fiscal year.

City expenditures are estimated at \$8.5 million, compared to the budget of \$8.7 million. The City annually receives a SMaRT Station budget and its proportionate share of cost. A reconciliation of the budget to actual costs is performed after each fiscal year end, and a credit for last fiscal year of approximately \$178,000 was received this fiscal year. In addition, there are estimated savings in salaries and supplies accounts.

Operating expenditures are projected to exceed operating revenues by \$122,000. At the end of the fiscal year, the fund is estimated to have a reserve balance of \$2.4 million and an ending balance of \$5.8 million.

Revenues, expenditures, balances and reserve comparisons for the Solid Waste Management Fund follow (amounts in thousands):

	2004-05 <u>Audited</u>	2005-06 <u>Adopted</u>	2005-06 <u>Estimated</u>	2006-07 <u>Recommended</u>
Revenues:				
Investment Earnings	\$ 272	289	276	287
Refuse Service Charges	7,105	7,466	7,683	7,840
Sale of Recycled Materials	82	75	70	75
Other	<u>157</u>	<u>100</u>	<u>332</u>	<u>130</u>
City Revenues	7,616	7,930	8,361	8,332
Foothill Revenues ⁽²⁾	<u>8,877</u>	<u>9,386</u>	<u>9,716</u>	<u>9,906</u>
Total Revenues	<u>16,493</u>	<u>17,316</u>	<u>18,077</u>	<u>18,238</u>
Expenditures:				
Operating	3,139	3,740	3,664	3,737
Disposal and SMaRT Station Charges	<u>4,444</u>	<u>4,997</u>	<u>4,819</u>	<u>4,792</u>
City Expenditures	7,583	8,737	8,483	8,529
Foothill Payments ⁽²⁾	<u>8,877</u>	<u>9,386</u>	<u>9,716</u>	<u>9,906</u>
Total Expenditures	<u>16,460</u>	<u>18,123</u>	<u>18,199</u>	<u>18,435</u>
Operating Balance	33	(807)	(122)	(197)
Retirees Health UAAL	-0-	-0-	-0-	(1,289)
Capital Projects	<u>(109)</u>	<u>-0-</u>	<u>-0-</u>	<u>(228)</u>
Excess (Deficiency) of Revenues	(76)	(807)	(122)	(1,714)
Beginning Balance	8,323	8,247	8,247	8,125
Reserves	<u>(2,359)</u>	<u>(2,359)</u>	<u>(2,359)</u>	<u>(2,359)</u>
Ending Balance	<u>\$ 5,888</u>	<u>5,081</u>	<u>5,766</u>	<u>4,052</u>

⁽¹⁾ Based on a recommended 2.0 percent rate adjustment.

⁽²⁾ Neither revenues nor expenditures are adopted for Foothill Disposal Company.

Although neither revenues nor expenditures are adopted for Foothill Disposal (Foothill), a revenue increase is provided to Foothill per the agreement for collection services between the City and Foothill. Generally, the agreement calls for a Consumer Price Index (CPI) adjustment, with a minimum investment return of 6.0 percent and maximum of 12.0 percent. For Fiscal Year 2006-07, only a CPI increase of 1.95 percent is included per the agreement.

Staff is also providing Council with the option of a weekly residential recycling program. Currently, residential recycling is collected on a biweekly basis. Mountain View is one of four cities in the County that does not provide weekly residential recycling collection. Although it is not anticipated to significantly increase the City's refuse diversion, it would be viewed as a convenience for customers. If the Council chose to implement such a program, the costs are estimated to require a 7.0 percent to 10.0 percent rate increase or \$1.05 to \$1.50 per month. The implementation period would be approximately one year as the trucks require a 10-month lead time to build. The preliminary results of the residents' survey indicates a majority of residents would be willing to pay for weekly recycling at a cost of \$3.00 or less per month. Additional information can be found in Attachment A.

The net costs at the SMaRT Station are projected to temporarily decrease \$205,000 or 4.5 percent. This is a result of the temporary shutdown of the materials recovery line to retrofit equipment over a seven-month period.

Based on the contractual increase required by Foothill as well as increases in cost of City programs, a 2.0 percent rate increase is recommended for Fiscal Year 2006-07. With a 2.0 percent general rate increase, the rate for a 32-gallon can will increase by \$0.30 a month to \$15.30 per month. Revenues for Fiscal Year 2006-07 are projected to total \$18.2 million with total expenditures of \$18.4 million. Operating expenditures are recommended to slightly exceed revenues as it is anticipated there will be budget savings. There is also one-time funding of the UAAL for Retirees' Health of \$1.3 million and capital projects of \$228,000 that is to be funded from the available balance. The fund is projected to end the 2006-07 fiscal year with a \$4.1 million balance as well as an operating reserve at the policy level of \$2.4 million.

Conclusion

As previously mentioned, this report constitutes the Special and Utility Funds section of the Narrative Budget Report. The recommendations regarding the General Operating Fund were brought to Council at a special study session on April 4, 2006.

The Revitalization Authority has seen an increase in its tax increment revenues and has sufficient financial capacity to support the bonds issued for the new parking structure and other future downtown capital needs. The Shoreline Regional Park Community secured property taxes are experiencing growth over the prior fiscal year for the first time in three years. Both agencies are making the second and final annual ERAF III payments to the State in the amounts of \$294,000 for the Revitalization Authority and \$1.8 million for the Community.

The Water Fund has previously generated sufficient revenues to fund significant Water Master Plan projects. However, all excess available balances and reserves have been exhausted. Although the SFPUC previously anticipated no rate increase for Fiscal Year 2006-07, it is now proposing a 13.7 percent increase in wholesale water costs and SCVWD has proposed a 4.9 percent rate increase. As a result, a 10.0 percent rate adjustment is recommended to the City's water rates for Fiscal Year 2006-07.

The Wastewater Fund requires a 10.0 percent increase in service revenue for Fiscal Year 2006-07 to continue the three-year phasing strategy of restructuring rates. This will still be insufficient to fund a base level of annual capital maintenance projects at this time, but it is anticipated to meet this goal by the third fiscal year (Fiscal Year 2007-08).

For the Solid Waste Fund, inflationary cost increases for Foothill Disposal and operating costs are resulting in a 2.0 percent rate increase recommended for Fiscal Year 2006-07.

The total average increase for a single-family residential customer as recommended for all three utilities is 8.0 percent, resulting in an estimated increase of \$4.71 monthly. Other recommended fee modifications related to the connection and installation of utilities is included in Attachment B.

City Council
April 27, 2006
Page 25

Staff looks forward to reviewing these recommendations with you and providing any follow-up information as requested.

A handwritten signature in black ink, appearing to read "K. Duggan", with a stylized, cursive script.

Kevin C. Duggan
City Manager

KCD/BUD
614-2006-07SUF^

Attachments: A. Weekly Residential Recycling Proposal
B. Recommended Utility Fee Modifications

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Narrative Budget – Special and Utility Funds

Index of Attachments

- A. Weekly Residential Recycling Proposal
- B. Recommended Utility Fee Modifications

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Attachment A

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SUBJECT: WEEKLY RESIDENTIAL RECYCLING PROPOSAL

INTRODUCTION

This memorandum describes a proposal from Foothill Disposal Company (Foothill), the City's refuse hauler, to implement weekly residential recycling and yard waste collection and asks whether or not Council is interested in pursuing this service enhancement. Currently, residential recycling is collected biweekly. Weekly pickup would provide improved customer service but likely would not significantly increase the City's refuse diversion rate. Staff will return with a refined proposal and rate implications if Council would like to formally consider this option at the time rates are adopted for the next fiscal year.

BACKGROUND AND ANALYSIS

Foothill has provided disposal services to Mountain View since 1940. In 2003, Council granted a 10-year extension to Foothill's existing contract, and service was converted from manual bin collection to automated collection in 2004. Three new automated trucks and one spare truck were purchased to replace the old manual trucks for the new automated recycling and garbage collection service.

Currently, 11 of the 15 cities in Santa Clara County have weekly recycling, and 12 provide weekly yard waste pickup. Los Altos, Los Altos Hills, Morgan Hill and Mountain View have biweekly recycling collection. Most cities implemented weekly recycling collection when recycling was added to garbage collection.

Resident Survey

The survey currently under way to gauge resident's thoughts on a number of public services includes questions about weekly recycling. It asks how important they think weekly recycling is, if they would be willing to pay for it, and, if so, how much: \$5.00, \$3.00 or \$1.00 per month. The preliminary results show 69.0 percent of residents would be willing to pay \$1.00 while 54.0 percent would be willing to pay \$3.00 per month. Final results will be available in May.

Diversion Rate Impacts

Weekly collection would probably not significantly increase the City's refuse diversion rate, currently at 58.0 percent, according to Foothill. The experience of local agencies that have switched to weekly service varies widely, ranging from a low of about 1.0 percent to 2.0 percent to a high of 20.0 percent. The highest increases were seen in cities with bin service where storage space for recycling was limited while the lowest increases were in cities with cart service such as Mountain View. Weekly pickup

would, however, avoid "extra" recycling being dumped in the garbage when the cart is full from two weeks worth of accumulation.

Implementation Time Frame

Foothill advises they will need three new trucks for weekly recycling service, and they project it would take about 10 months from order to delivery for the trucks to arrive. An additional month would be required to equip the trucks and train new drivers, for a total of about one year. Trucks cannot be obtained temporarily from other Norcal companies as no spare trucks are available.

FISCAL IMPACT

Foothill estimates the cost to increase collection of residential recycling and yard waste at about \$1.0 million the first year. This cost includes three new drivers for three additional trucks, truck maintenance, miscellaneous equipment and expenses, and an initial 6.0 percent return on investment consistent with the franchise agreement.

Finance and Administrative Services Department staff estimates a rate increase between 7.0 percent and 10.0 percent or about \$1.05 to \$1.50 per month for a 32-gallon cart. In addition, there are other operational cost increases and the annual adjustment due Foothill for the 2006-07 fiscal year, which is much less than the last couple of years. The Foothill-requested adjustment is 1.95 percent, equivalent to the Consumer Price Index (CPI). The current recommended rate increase is 3.0 percent (or \$0.45) without expansion to weekly recycling.

Should Council pursue weekly recycling, rates could be adjusted all at once, either this fiscal year or next fiscal year, or rates could be phased so that half the adjustment occurs this fiscal year and half occurs next fiscal year.

Mountain View Rate Comparison

Mountain View has the lowest rates of all 15 cities in Santa Clara County for a 32-gallon cart at \$15.00 per month (see Exhibit 1 for rate comparisons). The average 32-gallon rate among all cities is \$20.60, about one-third higher than Mountain View's cost. Assuming the highest estimated increase of 10.0 percent to implement weekly recycling, Mountain View would still have the lowest 32-gallon rate at \$16.50 (prior to the 3.0 percent annual rate adjustment recommendation for Foothill); next would be Los Gatos at \$16.90. The total monthly cost with weekly recycling and Foothill's annual adjustment would be \$16.95. Mountain View's current rate for 64-gallon service (\$30.00) is more in line with the County-wide average rate of \$33.60 but still lower than 10 cities (see Exhibit 2 for comparisons of 64-gallon rates). It will increase to \$33.90 with both adjustments.

CONCLUSION

Most cities in Santa Clara County provide weekly recycling and yard waste collection, and all have higher 32-gallon rates than Mountain View. The change to weekly pickup would primarily provide improved customer service, and a majority of residents surveyed indicated a willingness to pay for the increased service. It would also bring Mountain View into line with weekly service provided by most other cities and still maintain low collection rates. Finally, weekly collection would slightly improve the City's diversion rate, although the exact amount is difficult to determine. If Council is interested in weekly recycling, staff will work with Foothill to provide more information and clarify any questions prior to the adoption of the budget and associated rates for the upcoming fiscal year.

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**32-GALLON
MONTHLY RESIDENTIAL REFUSE RATES
(Highest to Lowest)
FISCAL YEAR 2005-06**

CITY	32-GALLON	RECYCLING	YARD WASTE
Los Altos Hills	\$27.65	Biweekly	Biweekly
Milpitas	\$24.73 ^(a)	Weekly	Weekly
Los Altos	\$24.14	Biweekly	Biweekly
Morgan Hill	\$21.82 ^(b)	Biweekly	Weekly
Gilroy	\$21.76	Weekly	Weekly
Monte Sereno	\$21.71	Weekly	Weekly
Palo Alto	\$21.38	Weekly	Weekly
Sunnyvale	\$20.58 ^(b)	Weekly	Weekly
Santa Clara	\$19.25 ^(c)	Weekly	Weekly
San Jose	\$18.90 ^(d)	Weekly	Weekly
Saratoga	\$18.81	Weekly	Weekly
Cupertino	\$18.31	Weekly	Weekly
Campbell	\$18.05	Weekly	Weekly
Los Gatos	\$16.90	Weekly	Weekly
Mountain View	\$15.00	Biweekly	Biweekly
AVERAGE 2005-06 RATE— SANTA CLARA COUNTY	\$20.60		
Fremont	\$23.36	Weekly	Weekly
Redwood City	\$16.95	Biweekly	Biweekly
San Mateo (City)	\$11.07	Biweekly	Biweekly
AVERAGE 2005-06 RATE— ALL	\$20.02		

(a) Unlimited service provided in 96-gallon can (\$24.73); cart rental (\$2.62).

(b) Unlimited service.

(c) Rate includes mandatory \$3.80 for annual cleanup and \$2.20 for yard waste.

(d) Rate does not include optional yard waste cart (\$2.50) or optional cleanup service (\$24.00 for three items).

NOTE: Data obtained from Fiscal Year 2005-06 rate surveys conducted by Hilton, Farnkopf & Hobson and the Technical Advisory Committee to the Recycling & Waste Reduction Commission of Santa Clara County.

**64-GALLON
MONTHLY RESIDENTIAL REFUSE RATES
(Highest to Lowest)
FISCAL YEAR 2005-06**

CITY	64-GALLON	RECYCLING	YARD WASTE
Los Altos Hills	\$52.25	Biweekly	Biweekly
Los Altos	\$48.28	Biweekly	Biweekly
Palo Alto	\$44.01	Weekly	Weekly
Monte Sereno	\$43.41	Weekly	Weekly
San Jose	\$37.80 ^(d)	Weekly	Weekly
Saratoga	\$37.63	Weekly	Weekly
Cupertino	\$36.62	Weekly	Weekly
Los Gatos	\$35.47	Weekly	Weekly
Campbell	\$32.11	Weekly	Weekly
Gilroy	\$31.21	Weekly	Weekly
Mountain View	\$30.00	Biweekly	Biweekly
Sunnyvale	\$29.37 ^(b)	Weekly	Weekly
Milpitas	\$24.73 ^(a)	Weekly	Weekly
Morgan Hill	\$21.82 ^(b)	Biweekly	Weekly
Santa Clara	\$21.14 ^(c)	Weekly	Weekly
AVERAGE 2005-06 RATE— SANTA CLARA COUNTY	\$33.60		
San Mateo (City)	\$27.36	Biweekly	Biweekly
Fremont	\$25.49	Weekly	Weekly
Redwood City	\$25.44	Biweekly	Biweekly
AVERAGE 2005-06 RATE— ALL	\$33.56		

(a) Unlimited service provided in 96-gallon can (\$24.73); cart rental (\$2.62).

(b) Unlimited service.

(c) Rate includes mandatory \$3.80 for annual cleanup and \$2.20 for yard waste.

(d) Rate does not include optional yard waste cart (\$2.50) or optional cleanup service (\$24.00 for three items).

NOTE: Data obtained from Fiscal Year 2005-06 rate surveys conducted by Hilton, Farnkopf & Hobson and the Technical Advisory Committee to the Recycling & Waste Reduction Commission of Santa Clara County.

Attachment B

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SUBJECT: RECOMMENDED UTILITY FEE MODIFICATIONS

INTRODUCTION

In order to continue to recover the increasing cost of providing services, fee increases are necessary. As part of the annual budget process, departments review their fees and recommend applicable modifications.

If there are any new services provided that generally benefit a particular segment of the population versus more global services that generally benefit the entire community, a fee is calculated and recommended to Council for adoption.

BACKGROUND AND ANALYSIS

The recommended modifications to the utility fees are based on one or a combination of the factors listed below:

- Cost of City staff providing the service. These have been increased by the 3.0 percent cost-of-living adjustment (COLA) to salaries that was effective July 1, 2005.
- 3.0 percent annual change in the construction cost index as of December 2005.
- Cost of new technology.

The recommended fee modifications are presented in Exhibit 1. Each service is listed along with the current fee, recommended fee and fee basis. A brief summary of each fee is discussed below.

The existing facility connection, storm drain connection and sewer lateral fees are recommended for modification based on the 3.0 percent change in the construction cost index.

The hourly rates are recommended for modification based on the cost of the positions providing this service.

The utility service indicates the rate increase recommended in the Narrative Budget Report for water, wastewater and refuse and recycling services.

When a new or existing property is hooked up to the City's water system, either the City or an outside contractor can provide this service. Typically, a developer will do this work themselves as part of the construction project. However, if the City provides the service, the appropriate water service connection fee is assessed. This year, the

department reviewed all the component costs of the 1" and 2" water service connections. Equipment costs related to the provision of this service had not been updated for several years and comprise the majority of the recommended increase.

As part of the connection to the water system, any new or replacement meters are now required to be electronic with the ability to transmit data by radio frequency to a handheld computer. If the City installs or replaces a meter, the appropriate fee is assessed. These water meter fees are recommended to increase by the 3.0 percent change in the construction cost index and also reflect the cost of the new electronic meters.

The recommendations for water turn-on fees are based on the cost of City staff providing this service. The increases in these fees are greater than a COLA as they have not been modified since 1994.

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	<u>Current Fee</u>	<u>Recommended Fee</u>	<u>Basis</u>
Existing Facilities Connection:			
Water Main	\$70	\$72	Frontage Foot
Sanitary Sewer	\$60	\$62	Frontage Foot
Hourly Rates:			Hourly
Front Line—			
Regular	\$58.71	\$60.00	
Overtime	\$88.07	\$90.00	
Supervisor—			
Regular	\$74.16	\$76.25	
Overtime	\$111.24	\$114.25	
Storm Drain Connection:			
First-Class Rate	\$0.20	\$0.206	Net Square Foot
Second-Class Rate	\$0.10	\$0.103	Gross Square Foot
Utility Service:			
Water Service Charges		10%	
Wastewater Service Charges			
Residential	\$18.65	\$19.95	
Base Commercial		No Change	
Industrial/Groundwater	\$2.50	\$2.50	
Restaurants	\$3.50	\$4.25	
Refuse and Recycling Disposal Charges	\$3.50	\$4.25	
Wastewater Connection:			
4" PVC Sewer Lateral	\$6,274	\$6,470	Fixed
6" PVC Sewer Lateral	\$6,490	\$6,640	Fixed

	<u>Current Fee</u>	<u>Recommended Fee</u>	<u>Basis</u>
Water Connection:			
1" Water Service	\$3,857	\$4,360	Fixed
2" Water Service	\$4,124	\$4,540	Fixed
3/4" Meter and Box	\$275	\$420	Fixed
1" Meter and Box	\$303	\$460	Fixed
1-1/2" Meter and Box	\$515	\$725	Fixed
2" Meter and Box	\$588	\$835	Fixed
Water Turn On			
Same Day Turn On:			
Authorized—			
M-F between 12:00 noon and 4:00 p.m.	\$40	\$60	Fixed
M-F after 4:00 p.m. and Saturday/Sunday and Holidays	\$70	\$90	Fixed
Unauthorized—			
M-F between 7:00 a.m. and 5:00 p.m.	\$80	\$90	Fixed
M-F between 5:00 p.m. and 7:00 a.m. and Saturday/Sunday and Holidays	\$100	\$135	Fixed

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530-03-27-06T^

**CITY OF MOUNTAIN VIEW
MEMORANDUM**

DATE: April 27, 2006

TO: City Council

FROM: Robert F. Locke, Finance and Administrative Services Director

SUBJECT: MAY 2, 2006 STUDY SESSION—GENERAL FUND FOLLOW-UP

At the April 4, 2006 Narrative Budget Study Session for the General Operating Fund, Council discussed staff recommendations for Fiscal Year 2006-07, which generated some requests for additional information to be brought back for the May 2, 2006 Study Session. In addition, some items have come up since April 4 and are also noted in this report.

April 4 Study Session Follow-Up Items

Council requested the additional information listed below:

1. Why is the allocation to the Compensated Absence Reserve recommended at \$1.5 million? Was there a higher level of leave usage in Fiscal Year 2004-05 and Fiscal Year 2005-06?

The components which impact the level of the Compensated Absence Reserve are:

- Usage of reserve for leave payoffs to terminating or retiring employees and vacation and management leave cash-out payments to current employees.
- Increased liability for leave accrued during the fiscal year and the increased value of previously accrued leave.

For the past three fiscal years, staff has recommended a transfer of \$1.0 million each fiscal year to the Compensated Absence Reserve. This has been sufficient to maintain the Reserve at the policy level and fund the estimated payouts from the Reserve for the upcoming fiscal year. However, the increase of the liability this past fiscal year of \$632,000 is higher than past years due to a combination of higher accrual balances, higher value of accruals and the factor used to calculate accrual balances. Therefore, staff is recommending a \$1.5 million transfer for Fiscal Year 2006-07.

2. Provide information from surrounding cities regarding their actuarial accrued liability for retirees' health.

Staff surveyed all cities in Santa Clara County and a few other comparable surrounding cities regarding their retirees' health actuarial accrued liability. Attachment A details the information provided by cities that responded with information.

3. Provide more information about the recommended Recreation on-line registration fee. Why is there a cost if there is no or less staff involved? Should the City be charging a fee for a service the City wants to encourage?

The recommended Recreation on-line registration fee is a "convenience fee" charged by the software vendor to the customer. It covers the vendor's costs for processing registration transactions on their host site. This is similar to other web-based businesses that charge a fee in addition to the actual product or service purchased (tickets, flowers, etc.). The City does not receive this fee; it is retained by the vendor. Staff is requesting an amendment to the Master Fee Schedule to disclose the amount to the public and to authorize the vendor to charge the fee. The vendor does not offer the service without charging the fee. If the City were to cover the costs, it would only reduce the City's revenues and, in some cases, cost recovery would be negative.

On-line registration provides customers the increased convenience and flexibility to register for classes off-site at any time. If the City were to host the on-line services, the initial cost to the City would be over \$45,000 for the additional hardware and software to run the system. In addition, there would be installation costs, annual software license and hardware maintenance fees, and additional IT support of the server, database and other components. By having the vendor host the on-line registration program, the initial one-time cost to the City is lower (\$15,000 to \$20,000) to set up the live database registration and bank transaction services, with no ongoing license maintenance fee and no additional IT support over the current levels.

While registration workload is anticipated to be reduced by approximately 25 percent, the Community Center registration and reservation counter will continue to be open the same hours, Monday through Friday from 8:30 a.m. to 5:00 p.m., to receive and process mail-in, walk-in and faxed registrations in addition to other customer services. As a result of the previous loss of one Office Assistant (OA) position a few years ago, the OA position has already taken on additional duties with the in-house production of the Recreation Activity Guide three times per year (approximately 500 hours per year). At this point, it is

unknown if additional part-time support hours will be able to be reduced without impact on other customer services and support for vacation, sick leave and high-volume registration and facility reservation periods.

4. Provide information regarding setting the level of the new recommended General Fund reserve at 15 percent, 20 percent, 25 percent and 30 percent and what that means for the new reserve fund and the amount of allocation required.

Staff is recommending a consolidated General Fund Reserve amounting to 25 percent of operating expenditures. The combined current reserves, Operating Contingency (5.0 percent), Long-Term Contingency (10.0 percent) and Revenue Stabilization Reserve (\$5.7 million or 7.3 percent), combine for a total of 22.3 percent. Based on a survey of Santa Clara County cities, General Fund Reserves ranged from as little as 3.0 percent to 50.0 percent of General Fund budget. Based on a recommended General Operating Fund Budget of \$78.2 million at various levels, the reserve balance would be as follows:

<u>Percentage</u>	<u>Dollars</u>
15.0 percent	\$11.7 million
20.0 percent	\$15.6 million
25.0 percent	\$19.6 million
30.0 percent	\$23.5 million

With a reserve at 25.0 percent, this will increase the reserve balance by \$250,000 for every \$1.0 million increase in General Operating Fund expenditures.

If this recommendation is approved, staff will return to Council with proposed amendments to Council Policy A-11, financial and budgetary policies and reserve policies to incorporate this restructuring of General Fund reserves and the details of its components and uses. Council may wish to refer the policy revisions to the Council Procedures Committee.

5. How do we align budget recommendations to Council goals?

While the budget process starts before Council goals are formally adopted, throughout the budget process, staff continually reviews the budget to ensure there is sufficient funding to support the goals adopted by Council. Examples of

this for Fiscal Year 2005-06 were one-time funding requested for the citizens' survey and Cuesta Park Annex Master Plan. Examples for Fiscal Year 2006-07 proposed goals and funding include replacement of the Fire engine fleet and the extension of Stevens Creek Trail. Ongoing funding has also been requested for staff in the Community Development and Public Works Departments as well as funding for maintenance of parks, athletic fields and the soon to be completed Devonshire Park. All are examples of providing resources to address Council priorities.

6. Revenue has grown 76 percent since Fiscal Year 1990-91. If current staffing levels are lower, how are these funds being expended?

Adopted expenditures have increased \$31.6 million from Fiscal Year 1990-91 to Fiscal Year 2005-06. Most of this increase, \$30.1 million, is a result of employee compensation adjustments. A table by category of adopted expenditure changes from Fiscal Year 1990-91 to Fiscal Year 2005-06 follows (dollars in thousands):

	Fiscal Year <u>1990-91</u>	Fiscal Year <u>2005-06</u>	<u>Change</u>
Salaries and Benefits	\$28,257	58,354	30,097
Services and Supplies	11,754	14,185	2,431
Capital Outlay	621	200	(421)
Equipment Replacement	0	400	400
Self-Insurance	290	1,236	946
Debt Service	<u>2,904</u>	<u>1,024</u>	<u>(1,880)</u>
Total	<u>\$43,826</u>	<u>75,399</u>	<u>31,573</u>

Since Fiscal Year 1990-91, the cumulative effect of cost-of-living adjustments is between 56 percent and 93 percent, depending on labor group. The change in PERS rates is an annual increase of 6.495 percent of payroll for the miscellaneous group (110 percent increase) and 16.645 for the safety group (111 percent increase). Since Fiscal Year 1990-91, there have been enhancements to both groups, 2 percent at 55 for miscellaneous (partially offset by the elimination of the deferred

compensation matching program) and 3 percent at 50 for safety. In addition, investment losses by PERS caused rates to increase.

Since Fiscal Year 1995-96, the cumulative effect of medical insurance rate increases is between 114 percent and 153 percent, depending on the medical plan. The cumulative effect of dental increases is 49 percent. Staff has not been able to obtain information on medical and dental increases prior to Fiscal Year 1995-96.

Since Fiscal Year 1995-96, the City has added 6 parks, 8 acres of roadway landscaping, 16 traffic signals, 322 streetlights and over 5 miles of City trails. During this time, the City also built a new and larger Library, staffed an additional fire station, refurbished the Adobe Building, started a multilingual community outreach program, added 11 sworn Police positions and implemented a paramedic program.

7. Has elimination of the Equipment Mechanic effective with the Fiscal Year 2005-06 budget affected the maintenance level of equipment, resulting in required earlier replacement?

An Equipment Mechanic I/II position was eliminated from Fleet Services in the Fiscal Year 2005-06 budget. At the end of Fiscal Year 2004-05, the preventive maintenance work order backlog was 2.3 months and is currently 3.1 months (the backlog has ranged from 2.3 months to 3.5 months since the Equipment Mechanic I/II position became vacant in July 2004). Although the backlog has increased in recent months, the staff reduction has not been in effect long enough to determine the full impact. Vehicle replacements requested for Fiscal Year 2006-07 are part of the planned replacement schedule and have not been accelerated by reduced maintenance due to the staffing reduction.

In response to the increasing backlog and staffing reduction, Fleet Services increased the level of contracting for large and labor-intensive jobs, focusing internal resources on preventive maintenance (critical and time-sensitive work on front-line safety vehicles is still performed by City staff). Although the backlog is significant, the City's fleet is in generally good operating condition and many vehicles are operating reliably beyond their anticipated life. Numerous scheduled replacements were deferred in the last few years to reduce capital expenses, and the fleet includes approximately 75 vehicle and equipment items that are scheduled for replacement. The estimated replacement cost of these items is approximately \$3.0 million. Fleet Services will continue to monitor the backlog and overall fleet condition in 2006 to identify any impacts of staffing reductions on scheduled replacements.

8. Does it make sense to contract out more City services?

The City currently contracts out services in a variety of areas, such as:

- Refuse collection.
- Park rangers/security patrol.
- Information technology.
- Fleet maintenance (larger nonsafety vehicle maintenance as discussed in the previous item).
- Janitorial.
- Site-specific landscape maintenance and tree trimming.

During the past four years, staff investigated the possibility of contracting out services if financially advantageous while still providing an acceptable level of service and recommended those opportunities to Council.

Article 1.2 of the SEIU Local 715 Memorandum of Understanding requires the City to follow a specific process in regard to contracting out work performed by represented bargaining unit staff.

9. Multilingual program.

The City created the Multilingual Outreach Program over 10 years ago in order to provide access to City government to individuals that are non-English-speaking. Over the years, the program has focused on the following main functions:

- Interpreting in Spanish and, to a lesser degree, in Russian and Chinese at City meetings when a request is made for the translation.
- Providing information about City services (in four languages) at Council neighborhood meetings, City festivals and events.
- Responding to calls made to dedicated City telephone lines (in four languages) to answer questions about City services and to provide general guidance on where to seek answers if the question is not about City services.

- Serving as a resource to other public and nonprofit groups (with a service focusing on non-English-speaking individuals in the community) regarding the services the City provides and the needs of the population.
- Reviewing and translating written notices mostly in Spanish and, to a lesser degree (depending on the need), in Russian and Chinese going out to the public.
- Assisting the Community Development Department in making sure non-English-speaking individuals know about Section 8 sign-up dates and other housing-related matters.
- Making presentations about City services in several languages at places of worship, community centers, apartment clubhouses, etc.
- Helping to develop and present at the CERT Spanish-language program and the Spanish-language Citizens Police Academy.

The Outreach Program Coordinator, who is a permanent half-time employee, and two to three hourly staff that currently work a total of 35 hours a month staff the program. Additionally, the Program Coordinator has been successful in identifying and engaging several volunteers that help support the outreach efforts.

Staff has recognized that one area that is lacking is having sufficient staff time available to review and translate more notices and communications going out from the City that are not in English. In response to that need, staff has recommended an additional \$3,000 in the Fiscal Year-2006-07 budget to supplement the current funding of the Outreach Program. It should be noted that this does not include translating City publications.

The cost of increasing staffing of the Multilingual Outreach Program to one FTE would be approximately \$42,000. If Council were to choose to appropriate additional dollars, staff would request that direction be given as to what additional functions and services the program should undertake with the additional funding.

10. Should the City assess a nonresident fee for some services such as Library access?

The Mountain View Public Library is part of the Silicon Valley Library System, a Joint Powers Authority and cooperative library network, which operates under the California Library Services and Construction Act (CLSA). As a condition of participation, the Mountain View Library agrees to provide "universal borrowing"

which allows any resident in California to obtain a library card, borrow materials and use the services of any library in the State that is a member of a cooperative network. In return, the Library and the residents of Mountain View benefit from being part of the network and are able to borrow materials from other libraries without paying any type of library card or borrowing fee. For people who live in one city and work in another or who want an item that the Mountain View Library does not have, this is an important service.

The Library and City also benefit from the provisions of the CLSA, including receiving reimbursement on certain lending transactions. This fiscal year, the Library will receive more than \$24,000 for lending materials to other libraries through Link+ and interlibrary loan. When a library jurisdiction becomes a net lender of direct loans (which we are not), there is additional reimbursement.

Another benefit of participation is eligibility for other State funds through grants and reimbursements; for example, two years ago, Mountain View received a \$10,000 grant to purchase materials in other languages. The Library also benefits from training opportunities, delivery service and other support that the cooperative network provides. Nearly all of the public libraries in California participate in these cooperative networks which strengthens the resources and services for everyone in the State as intended by the provisions of the CLSA:

It is the intent of the Legislature to provide all residents with the opportunity to obtain from their public libraries needed materials and informational services by facilitating access to the resources of all libraries in this State. This policy shall be accomplished by assisting public libraries to improve service to the unserved of all ages and by enabling public libraries to provide their users with the services and resources of all libraries in this State.

Currently, the Library has approximately 78,000 registered borrowers, of which 61 percent are residents and 39 percent are nonresidents. The Library issues approximately 10,000 new and renewed Library cards per year. Assuming the same ratio, the number of cards issued to nonresidents would likely be 3,900. At a fee of \$10 per card, the revenue would be approximately \$39,000. However, there would be a cost to administering such a fee and it is likely that the revenue would not be realized. Potential nonresident customers would choose to use a nearby library that did not charge nonresident fees.

It is contrary to the intent and provisions of the California Library Services and Construction Act and not in the best fiscal interest of the City to charge a nonresident fee for access to Library collections and services.

Additional Items

Additional items have been requested since the April 4 Study Session and are discussed below for Council consideration.

Historic Preservation Survey (Limited-Period Funding): \$135,000 to \$200,000

At a Study Session on March 21, the Council indicated the desire to undergo an historic survey that would identify all properties in Mountain View that are eligible for the national, State or Mountain View registers. The cost to perform this survey is estimated to be in the range of \$135,000 to \$200,000, depending on the number of properties that will need to be documented. Managing the project will also require 0.25 FTE of a Senior Planner position. The survey will include a context report that provides background for each property surveyed and establishes significance and integrity criteria as well as individual forms for each identified property.

United Way 2-1-1 Project (Limited-Period Funding): \$10,000

In January 2003, Council adopted a resolution in support of creating a 2-1-1 information and referral phone number to serve Santa Clara County residents and visitors. At that time, the staff report indicated the City may be requested to provide fiscal support in the future. In February of this year, staff received a request from the United Way for partial funding of the total cost of the 2-1-1 planning and development for Fiscal Year 2006-07. It is estimated that the total system cost will be \$685,000 annually and United Way will request continuing support on a per-capita basis (see Attachment B).

Rebudgeted Items

The items listed below were originally approved by Council in prior years. These funds have not been spent and the following are recommended to be rebudgeted.

- Computer Room Fire Suppression System (Capital—General non-Operating Fund): \$25,000

Council approved funding for the current fiscal year to add a fire suppression system in the main computer room on the second floor of City Hall. These funds will not be spent by fiscal year end and need to be rebudgeted in Fiscal Year 2006-07.

- Teen Center Improvements (Capital—General non-Operating Fund): \$31,240

Council approved funding in Fiscal Year 2003-04 for (CSD) Teen Center improvements and approved rebudgeting these funds in Fiscal Year 2004-05 and Fiscal Year 2005-06. This project has been delayed due to staff transitions in the Recreation and Facilities Divisions. Although some progress has been made, the balance of the funds need to be rebudgeted for Fiscal Year 2006-07.

- Library Security System Replacement (Capital—General non-Operating Fund): \$30,000

Funds were approved in Fiscal Year 2004-05 for the installation of a Library security system. This project needs to be implemented in conjunction with the Police/Fire Building security improvements which are recommended for Fiscal Year 2006-07.

- Time Card/Payroll Solution Software (Capital—General non-Operating Fund): \$30,000

The Police Department is in the process of choosing time card/payroll and scheduling software. Funds may be encumbered by year end but are requested to be rebudgeted if the timing of the purchase extends beyond the end of the fiscal year.

- Report Writing Area Renovation (Capital—General non-Operating Fund): \$20,000

Renovation of the report writing area in the Police Department had been delayed due to additional refurbishment (painting and carpet replacement) to be done by Facilities in Fiscal Year 2006-07.

As we move closer to the end of the fiscal year, it is possible there will be additional requests for items to be rebudgeted. Any additional rebudgeting proposals will be called out at the June 6 Proposed Budget hearing.

Staff looks forward to reviewing this information with the City Council and providing any additional information required.

Prepared by:



Robert F. Locke
Finance and Administrative
Services Director

Approved by:



Kevin C. Duggan
City Manager

RFL/HMA/9/CAM
530-05-02-06M^

- Attachment: A. Retirees' Health Survey
- B. Request for Financial Support of the 2-1-1 Project

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Narrative Budget - General Fund Follow-up

Index of Attachments

- A. Retiree Health Obligation Survey
- B. Request for Financial Support of the 2-1-1 Project

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Attachment A

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Attachment B

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SUBJECT: REQUEST FOR FINANCIAL SUPPORT OF THE 2-1-1 PROJECT

INTRODUCTION

The United Way Silicon Valley is requesting \$10,000 as the City's contribution to the total cost of the 2-1-1 planning and development for Fiscal Year 2006-07. United Way Silicon Valley has indicated their intent to apply for continuing financial support of the total system cost estimated at \$685,000 annually from the City of Mountain View. This request would be commensurate with the City's population and is estimated to be \$30,000 if all cities in Santa Clara County participate.

BACKGROUND AND ANALYSIS

At the December 10, 2002 City Council meeting, a representative of United Way Silicon Valley made a presentation about the agency's efforts to bring the 2-1-1 Health and Human Services Information and Referral System to Santa Clara County. Council directed staff to prepare a resolution supporting the concept of creating a 2-1-1 program for Santa Clara County and, on January 28, 2003, adopted such a resolution (Exhibit 2).

2-1-1 is a three-digit phone number designated by the Federal Communications Commission (FCC) to be exclusively used for providing information and referral for health and human services. The goal of 2-1-1, according to United Way Silicon Valley, is to connect people with services and volunteer opportunities, reduce the stigma of accessing human services, build efficiency of the nonprofit sector, serve as a planning tool for service providers and empower communities to better respond to large-scale emergencies.

Approximately 18 states throughout the nation have some level of 2-1-1 services. In California, six counties currently have access to 2-1-1: Los Angeles, Orange, Riverside, San Diego, Santa Barbara and Ventura. Several additional counties are scheduled to begin providing services in 2006, including San Francisco, which will begin operation in March. Communities and agencies with 2-1-1 service indicate that the primary requests are for basic needs (food, housing, etc.), referral requests by service providers, health services, work support services, senior services, child services and nonemergency postdisaster assistance.

The progress of the Santa Clara County 2-1-1 initiative has produced a plan to provide both 24/7 call center services and a resource and referral web site. If the CPUC approves the United Way Silicon Valley's application and sufficient funding is obtained, 2-1-1 services will commence in Santa Clara County in February 2007. United Way Silicon Valley has committed staff time and \$150,000 to launch the services. The County of Santa Clara, all municipalities in the County, and a number of community agencies

have been asked to provide letters of support and a financial contribution to 2-1-1 services.

The City Manager's Office received a letter from United Way Silicon Valley requesting a letter of support for their California Public Utilities Commission application to provide 2-1-1 services (Exhibit 1). The letter also requests a financial contribution for Fiscal Year 2006-07 of \$10,000 for development and initial implementation of 2-1-1 services.

SUMMARY

Council has adopted a resolution supporting the creation of 2-1-1 services in Santa Clara County. United Way Silicon Valley, the project's lead agency, is requesting that the City of Mountain View provide both a letter of support for their CPUC application and an initial \$10,000 contribution for the planning and development of providing the service to Mountain View residents. Future annual contributions to maintain and operate the 2-1-1 system are estimated to be \$30,000. If there is support for the financial request, the City Manager can include it in the proposed budget.

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February 24, 2006

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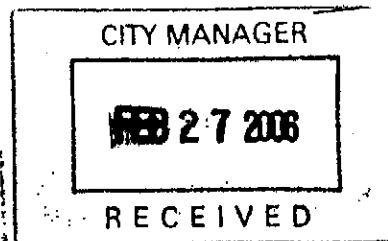


Exhibit 1

Dear Kevin C.:

Thank you and the City of Mountain View for your past support of 211 services for Silicon Valley. We are continuing on the path to bring this critical service to all the residents of Mt. View and the county. We look forward to partnering with you to develop a system that clearly will meet the diverse and considerable needs of our population.

As you may recall, 2-1-1 is an easy-to-remember telephone number that impacts communities by connecting people with important services and volunteer opportunities, while reducing the stigma of accessing services, building efficiency of the non-profit sector, serving as a useful planning tool, and empowering the nation to respond better to large-scale emergencies.

PROGRESS TO DATE:

Statewide Context: 2-1-1 service already exists in six counties: Los Angeles, Orange, Riverside, San Diego, Santa Barbara, and Ventura. San Francisco becomes the first northern California county to launch the end of March. Cities in those counties have played major roles in bringing these systems to fruition. Collaborations with cities have facilitated their input early in the design phase, resulting in features that specifically aid city residents and visitors.

2003 Community Endorsements: we approached your city council and received an endorsement of the concept of providing 2-1-1 service to the County of Santa Clara that is accessible to all—including your residents and those who work or visit your community.

2004 Working Toward a Solution: the Silicon Valley 2-1-1 Steering Committee, made up of community-wide members with the convening support of United Way Silicon Valley took on the task of determining the best means to provide 2-1-1 service at a cost the community can afford.

2005 Finding a 2-1-1 Service Provider: the Steering Committee issued a request for qualifications to potential providers of 2-1-1 services to Santa Clara County. We selected two finalists. Following site visits, checking of references and other means of assessing the qualities of the potential vendors, the Steering Committee unanimously recommended that Interface of Ventura County be asked to provide 2-1-1 services for a period of two years. Interface provides 24/7 2-1-1 service to Ventura County and after-hours weekend and holiday service to Orange, Riverside and Santa Barbara Counties.

2006 United Way's Financial Commitment: in January, the United Way Silicon Valley Board of Directors accepted the recommendation of the Steering Committee and committed \$150,000 plus staff resources to launch 2-1-1 services by December 2006.

HOW 2-1-1 WILL WORK IN SANTA CLARA COUNTY:

We envision individuals and families can be served in two possible ways—from the 24/7 call center and from a web site that will accompany the 2-1-1 system.

Regular calls through the main 2-1-1 number: When a Mt. View resident dials 2-1-1 the receiving call-taker at the 2-1-1 Center will ask in what city or town they need services. The receiving 2-1-1 staffer is prompted to launch specialized searches to access information. For example, if the person is a senior and lives in Mt. View the screen can then display prompts that ask where the person resides to help determine the closest service provider using their zip code.

2-1-1 will allow faster access through our 24/7 call center to information about direct and wrap-around services regardless of the caller's spoken language. The services in our database would benefit a person regardless of the special needs—developmental, cultural, age or linguistic. The person, parent or caregiver would no longer need to waste precious time seeking information through multiple calls. With the proposed call management system, the person's call can be transferred to the appropriate service provider.

2-1-1 Santa Clara County Website: Access to this site would be free and open to the public; this access method would allow people to access information from their homes, workplaces, schools, libraries and other community centers. (In Houston Texas, about 50% of the contacts are made through their website with 175,000 searches per year.) With your city's participation will come considerable public recognition, including active hyperlinks through the 2-1-1 Santa Clara County Website to your City of Mountain View's official website and its specialized resources.

SILICON VALLEY 2-1-1 TIMELINE

- Service provider partner determined – January 2006
- Obtain letters of support and submit application to CPUC – April 2006
- Secure initial funding – June 2006
- Receive CPUC Approval – September 2006
- 2-1-1 in Santa Clara County goes Live – February 11, 2007 (2/11/07)

NEXT STEPS, FUNDING AMOUNT REQUESTED:

We are asking from the City of Mountain View, \$10,000 as a portion of the total cost of the 2-1-1 planning and development for fiscal year 2006-2007. We are seeking a broad base of community, individual, corporate and government support. These prospective funders are private donors, government entities including the County of Santa Clara, each county municipality, and a number of community organizations including The Health Trust, Council on Aging, Community Foundation Silicon Valley, and the FIRST 5 Commission. Our goal is to build a sustainable system with long-term funding commitments including an endowment program. The total system cost is estimated at \$685,000 per year. We expect to apply for continuing support from your city commensurate with your population in subsequent years. A letter of support from the city of Campbell would be greatly appreciated. We plan to include it with our CPUC application.

We will be contacting you shortly to request your assistance in negotiating this request through your budgetary approval process and signing a letter of support.

Your support of the community-based 2-1-1 system will continue to benefit the residents of Mt. View for many years to come. If you have any questions, please contact me at (408) 345-4302 or email me at Mark.Walker@uwsv.org, or Amari Romero-Thomas, Senior Vice-President Community Impact at (408) 345-4371 or Amari.Romero-Thomas@uwsv.org

Sincerely



Mark Walker, President and CEO
United Way Silicon Valley



Mary Davey
Chair Silicon Valley 2-1-1 Steering Committee



AGENDA: January 28, 2003

CATEGORY: Consent

DEPT.: City Manager

TITLE: Resolution in Support of Creating a
2-1-1 Information and Referral Phone
Number to Serve Santa Clara County
Residents and Visitors

RECOMMENDATION

Adopt A RESOLUTION TO SUPPORT, IN CONCEPT, THE CREATION OF A 2-1-1 INFORMATION AND REFERRAL PHONE NUMBER TO SERVE SANTA CLARA COUNTY RESIDENTS AND VISITORS, to be read in title only, further reading waived.

FISCAL IMPACT

There is no fiscal impact to approving the recommendation. In the future, the City may be requested to provide fiscal support. The resolution incorporates a provision that states conceptual support and does not imply future financial support from the City of Mountain View.

BACKGROUND AND ANALYSIS

At the December 10, 2002 City Council meeting, a representative of United Way Silicon Valley, Mary Davey, made a brief presentation regarding the specifics of the 2-1-1 Health and Human Services Information and Referral Telephone System. Ms. Davey provided the Council with an overview of the program and the specific involvement of the City of Mountain View. At that time, the City Council asked that staff prepare a resolution in support of the concept of creating a 2-1-1 information and referral phone number for Santa Clara County.

According to United Way Silicon Valley, 2-1-1 is a three-digit phone number designated by the Federal Communications Commission (FCC) to be used exclusively for providing information and referrals for health and human services. It is designed to eliminate confusion in connecting people with the essential community and public services they need while reducing the nonemergency call load experienced by 9-1-1. The California Department of Justice estimates that 45 percent of all 9-1-1 calls State-wide are nonemergency.

If 2-1-1 is established in Santa Clara County, it is proposed that public and private funders will fund its operation. United Way Silicon Valley may seek financial support from the City of Mountain View once the program is operating at full capacity in 2008; however, the City is under no obligation to make financial contributions. United Way Silicon Valley will be seeking alternative financial resources to provide the funding for 2-1-1 for the time period extending from 2003 until 2008 and, if possible, beyond 2008, eliminating the need for a

AGENDA: January 28, 2003

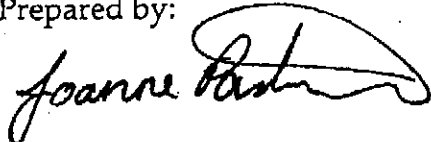
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request for funding from local municipalities. The County and the 15 Santa Clara County cities would be provided support based on population. The City of Mountain View is invited to participate in the design and operations process as United Way Silicon Valley moves toward the implementation of the program. United Way Silicon Valley hopes that 2-1-1 will be operational by January 2004. During the first year, United Way Silicon Valley expects to receive 40,000 calls. By the year 2007, the number of calls could increase to 100,000 annually.

The attached resolution clearly states that this action is conceptual support of the project and is not to be interpreted as a willingness of the City to consider financial support now or in the future.

PUBLIC NOTICING—Agenda posting.

Prepared by:



Joanne Pasternack
Senior Administrative Analyst

Approved by:



Nadine P. Levin
Assistant City Manager



Kevin C. Duggan
City Manager

JP/9/CAM
607-01-28-03M-E^

Attachment: 1. Resolution

CITY OF MOUNTAIN VIEW
RESOLUTION NO.
SERIES 2003

A RESOLUTION TO SUPPORT, IN CONCEPT,
THE CREATION OF A 2-1-1 INFORMATION AND REFERRAL PHONE NUMBER
TO SERVE SANTA CLARA COUNTY RESIDENTS AND VISITORS

WHEREAS the Federal Communications Commission has designated 2-1-1 as the national phone number for citizens seeking nonemergency information and referral for social and welfare services, health and mental health services, housing and shelter needs 24 a day, 7 days a week; and

WHEREAS, 2-1-1 serves as a critical link between the public and emergency food, shelter and other critical needs following major disasters, such as earthquakes, floods, fire, terrorism or war; and

WHEREAS, 37 centers in 18 U.S. states are already using 2-1-1 successfully and meeting the citizens' information and referral needs, and this number is projected to reach 50 percent of the population by year-end 2005; and

WHEREAS, the California Association of Information and Referral Systems (CAIRS) has petitioned the California Public Utilities Commission (CPUC) to authorize 2-1-1 statewide and to define rules governing a system that is decentralized by county; and

WHEREAS, the citizens of Santa Clara County have organized a year-long effort under the United Way Silicon Valley leadership to plan and implement this program in Santa Clara County by January 1, 2004; and

WHEREAS, the Silicon Valley 2-1-1 Project is seeking the advice, cooperation and support of Santa Clara County and all 15 cities in the County to bring this 2-1-1 project to all County residents;

NOW, THEREFORE, BE IT RESOLVED THAT the City of Mountain View agrees to support this program in concept, offering advice and cooperation to the 2-1-1 Steering Committee and the United Way Silicon Valley in devising a plan to implement 2-1-1, while not implying the ability of the City to support the implementation of this project financially.

JP/2/RESO
607-01-28-03R-E^

CITY CLERK'S OFFICE
PERFORMANCE MEASURES/WORKLOAD MEASURES

Program	Performance Measure/ Workload Measure	2005-06 Target	2005-06 3-month Actual	2005-06 6-month Actual	2005-06 9-month Actual
Elections	Percent of official election notices published without errors and on time	100%	None this quarter	None this quarter	None this quarter
	Percent of Statement of Economic Interests processed correctly and submitted on time	100%	100%	100%	100%
Legislative	Percent of agenda packets prepared and distributed four days before Council meeting	100%	100%	100%	100%
	Percent of agendas and minutes posted at least 72 hours prior to a regular Council meeting	100%	100%	100%	100%
	Percent of minutes prepared for City Council meeting without errors of fact	>98%	100%	97%	99%
	Percent of resolutions and ordinances processed within five days after a Council meeting is held	>90%	94%	97%	97%
	Percent of Council agenda staff reports processed within five days after a Council meeting is held	>90%	100%	100%	100%
	Percent of legal hearing notices prepared, noticed and mailed within legal deadlines	100%	100%	100%	100%
Records Management	Percent of agenda items uploaded to imaging system each agenda production week	100%	100%	100%	100%
	Number of agreements documented and indexed	400	250 (A)	371	521
	Percent of agreements/contracts retrieved within three days of request	100%	100%	100%	100%

CITY CLERK'S OFFICE
PERFORMANCE MEASURES/WORKLOAD MEASURES

Program	Performance Measure/ Workload Measure	2005-06 Target	2005-06 3-month Actual	2005-06 6-month Actual	2005-06 9-month Actual
Records Management (cont.)	Percent of records sent for recordation within 24 hours upon receipt of request from department	>90%	100%	100%	None this quarter
Administrative/ Support to Council	Percent of Council service requests responded to within one working day of receipt	>95%	100%	100%	100%

(A) Target is low and will be re-evaluated for fiscal year 2006-07.

CITY ATTORNEY'S OFFICE
PERFORMANCE MEASURES/WORKLOAD MEASURES

Program	Performance Measure/ Workload Measure	2005-06 Target	2005-06 3-month Actual	2005-06 6-month Actual	2005-06 9-month Actual
City Attorney's Office	Total cost of legal services, in-house and outside counsel, as a percent of General Fund budget	<2%	0.27%	0.59%	0.85%
	Percent of claims entered into the claim reporting system, reported to ACCEL and directed to appropriate departments for response within 5 working days of receipt of the claim	>90%	100%	100%	100%
	Percent of routine contracts reviewed within 10 working days	>85%	98%	99%	99%
	Percent of complex contracts reviewed within 20 working days	>80%	100%	100%	100%
	Percent of CC&Rs reviewed within 30 working days	>80%	85%	75% (A)	NA (B)
	Percent of code enforcement cases responded to within 5 working days of receipt of complaint or observation of violation	>95%	96%	96%	96%

(A) Unable to meet review time due to volume of development activity requiring CC&R review.

(B) Unable to measure at this time.

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**CITY MANAGER'S OFFICE
PERFORMANCE MEASURES/WORKLOAD MEASURES**

Program	Performance Measure/ Workload Measure	2005-06 Target	2005-06 3-month Actual	2005-06 6-month Actual	2005-06 9-month Actual
City Manager's Office	Percent of time an action or decision (on a New Business item prepared by the City Manager's Office) can be made or taken when an item is first brought to Council	>95%	100% (A)	100%	100%
	Percentage of City Manager's Office cost as a percent of the General Fund operating budget	<2%	0.32%	0.68%	0.99%
	Percent of written inquiries received by the City Manager's Office via Citygram that are responded to within 10 days	>95%	100%	100%	90% (B)
	Number of communications regarding the City's position on legislation or legislative issues made annually to the State Legislature, Congress and other branches of government	10	1 (C)	2 (C)	4 (C)
	Percent of Community Outreach Program information requests that are responded to within 10 days	>95%	98%	98%	98%
	Percent of Human Relations Commission work plan items completed by the target completion date	>95%	NA (D)	NA (D)	NA (D)
	City Manager's Office staff attendance at community events/meetings for community support, liaison or networking purposes (not specific to job duties)	25	9	19	22

**CITY MANAGER'S OFFICE
PERFORMANCE MEASURES/WORKLOAD MEASURES**

Program	Performance Measure/ Workload Measure	2005-06 Target	2005-06 3-month Actual	2005-06 6-month Actual	2005-06 9-month Actual
City Manager's Office (cont.)	Percent of time comments submitted within public comment period on environmental reports, regulations, legislation or report reviewed by City Manager's Office (necessity of commenting determined on a case-by-case basis)	100%	100%	100%	100%

(A) September 13 Hurricane Katrina New Business Item was acted on by the City Council. The Council directed staff to agendize a request for funding on September 20. When the item appeared on the September 20 agenda, it was categorized as an unfinished business item. Late-running Council meetings have required the item to be carried over.

(B) One Citigram (out of the 10 received so far this fiscal year) was not responded to within 10 days.

(C) FY 2005-06 target has been reduced from previous years based on the direction provided by the City Council at its April 26, 2005 study session. Staff will be more selective in the legislative issues it presents to the Council.

(D) Most items included in the FY 2005-06 Human Relations Commission work plan have "targeted completion dates" associated with them. However, the conducted energy device referral from the City Council was completed by the Commission within the time frame the Commission set for itself.

**EMPLOYEE SERVICES DEPARTMENT
PERFORMANCE MEASURES/WORKLOAD MEASURES**

Program	Performance Measure Workload Measure	2005-06 Target	2005-06 3-month Actual	2005-06 6-month Actual	2005-06 9-month Actual
Employee Services Department	Percent of recruitments successfully completed within the negotiated time line set by the hiring department	>90%	90%	91%	91%
	Employee turnover rate	<10%	1.38%	1.90%	2.40%
	Percent of recruitments/vacant positions filled by existing personnel (excludes promoting within positions classified as I/II)	>30%	38%	38%	42%
	Percent of new employee orientations conducted within 7 days of hire	>98%	100%	100%	100%
	Percent of retirement planning informational meetings conducted with retiring employees	>90%	80% (A)	83% (A)	88% (A)
	Percent of employee separation reports processed through to the appropriate agency within the 10-day reporting time line following State guidelines	>95%	100%	100%	94%
	Percent of classification reviews analyzed within 90 days of receipt of reclassification questionnaire from the department	>85%	None received this quarter	100%	None received this quarter
	Percent of employee requests for FMLA leave responded to within 2 business days (pursuant to Federal guidelines)	>95%	78% (B)	85% (B)	90% (B)
	Percent of employee benefit inquiries responded to within 2 working days	>85%	91%	93%	93%

(A) Four out of five retirees attended information meetings in the first quarter (one chose not to attend). One out of one retiree attended information meetings in the second quarter. Two out of two retirees attended information in the third quarter.

(B) Two out of 9 requests for FMLA were responded to after 2 business days in the first quarter. All four requests responded to in second quarter. All eight requests responded to in 3rd quarter.

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**FINANCE AND ADMINISTRATIVE SERVICES DEPARTMENT
PERFORMANCE MEASURES/WORKLOAD MEASURES**

Program	Performance Measure/ Workload Measure	2005-06 Target	2005-06 3-month Actual	2005-06 6-month Actual	2005-06 9-month Actual
Financial Management	Accuracy of final budget numbers - percent of budget corrections needed due to error	<2%	0.2%	0.2%	0.2%
	Percent of time portfolio's market risk target (modified duration) is within:				
	• 3.0 percent of the benchmark (policy requires 25 percent of time within 3.0 percent)	>50%	33%	67%	67%
	• 15.0 percent of the benchmark (policy requires 100 percent of time within 15.0 percent)	100%	100%	100%	100%
	Cost per payroll check issued (cost of payroll operation to total paychecks issued)	<\$9.00	\$6.36	\$8.44	\$8.51
	Percent of reissued payroll checks versus total issued	<2%	0.24%	0.21%	0.26%
	Payroll checks issued	24,000	5,846	10,594	15,272
	Percent of utility bills processed and mailed seven days from last meter reading date	>95%	100%	100%	100%
	Percent of utility accounts and accounts receivable accounts written off as a percent of total receivables	<3%	0.49%	0.85%	1.12%
Accounting	Percent of correcting accounting entries to total accounting entries	<20%	7%	9%	10%
	Percent of month-end closes completed within 10 working days (target assumes June and July will not close within 10 working days due to year-end workload)	>83%	67% (A)	83%	89%

**FINANCE AND ADMINISTRATIVE SERVICES DEPARTMENT
PERFORMANCE MEASURES/WORKLOAD MEASURES**

Program	Performance Measure/ Workload Measure	2005-06 Target	2005-06 3-month Actual	2005-06 6-month Actual	2005-06 9-month Actual
Accounting (cont.)	Cost of Accounts Payable processing as a percent of total dollars spent	<1%	0.16%	0.17%	0.2%
Administrative Services	Cost of procurement services as a percent of total dollars spent	<4%	2%	2%	2%
	Percent of time purchase orders issued timely	>85%	85% (B)	85% (B)	86%
	Percent of time Document Processing documents are completed timely	>90%	99%	99%	99%
	Percent of time Copy Center documents are completed timely	>90%	99%	99%	99%
Information Technology	Cost of information services as a percent of total City department expenditures	<3%	2%	2%	1.9%
	Percent of time network is up	>98%	99%	99%	99%
Risk Management	Percent of Workers' Compensation program costs to total payroll	<5%	Reported Annually	Reported Annually	Reported Annually
	Percent of hours lost to occupational injury compared to total hours worked	<1.5%	Reported Annually	Reported Annually	Reported Annually
	Percent of dollars recovered compared to expenditures paid to repair damage due to third-party vehicle accidents	100%	Reported Annually	Reported Annually	Reported Annually

(A) July not within 10 days as assumed in the target.

(B) Corrected from reported 83%.

**COMMUNITY DEVELOPMENT DEPARTMENT
PERFORMANCE MEASURES/WORKLOAD MEASURES**

Program	Performance Measure/ Workload Measure	2005-06 Target	2005-06 3-month Actual	2005-06 6-month Actual	2005-06 9-month Actual
Planning	Percent of time that staff analysis and recommendation on General Plan or rezoning applications are completed within the established schedule	>80%	100%	100%	100%
	Number of Advanced Planning projects:				
	• Ongoing major projects (requiring EPC and/or Council action)	4	4	7	11
	• New minor projects	5	4	4	5
	Land use applications processed by:				
	• City Council	8	6	11	15
	• Zoning Administrator	40	14	29	47
Economic Development	Percent of time corporate visits goal of 12 visits per year is met	>80%	Reported annually	Reported annually	Reported annually
	Percent of businesses that generate major sales tax to the City per year visited by staff	>50%	Reported annually	Reported annually	Reported annually
	Number of contacts with businesses interested in relocating or expanding in Mountain View	50	19	34	46
Neighborhood Preservation	Percent of mediation participants rating customer satisfaction level as "good" or higher	>80%	100%	82%	98%
	Percent of identified neighborhood areas included in neighborhood meetings sponsored by the Council Neighborhoods Committee	50%	Reported annually	Reported annually	Reported annually
	Number of mediation requests handled	210	56	100	149

**COMMUNITY DEVELOPMENT DEPARTMENT
PERFORMANCE MEASURES/WORKLOAD MEASURES**

Program	Performance Measure/ Workload Measure	2005-06 Target	2005-06 3-month Actual	2005-06 6-month Actual	2005-06 9-month Actual
Neighborhood Preservation (cont.)	Percent of Federally funded contracts carried out in compliance with City and Federal requirements	100%	100%	100%	100%
Building Inspection	Percent of time where City provides 24-hour building inspection response for those inspection requests received by 3 p.m. on weekdays	>95%	95%	98%	98%
	Percent of time that City meets five-day turnaround plan check for all Fast Track submittals that meet building inspection criteria	>90%	88% (A)	85% (A)	89%
	Construction permits issued	4,100	995	2,147	3,082

(A) Staffing shortages in Building division.

**PUBLIC WORKS DEPARTMENT
PERFORMANCE MEASURES/WORKLOAD MEASURES**

Program	Performance Measure/ Workload Measure	2005-06 Target	2005-06 3-month Actual	2005-06 6-month Actual	2005-06 9-month Actual
Transportation and Property Services	Percent of inquiries for the sale, lease, temporary use or purchase of City-owned land responded to within 24 hours	100%	100%	100%	100%
	Within 2 weeks elapsed time, return the land value of parcels submitted to the Land Development Engineer for development permits to enable the calculation of park land dedication fees	100%	100%	100%	100%
	Percent of refuse diverted from landfill	>50%	51%	52% (A)	58%
	Percent of solid waste complaints/requests resolved to complainant's/customer's satisfaction	>96%	99%	99%	99%
Engineering	Percent of construction projects completed with less than 10.0% time increase over the original contract award	>85%	None this quarter (B)	83% (C)	89%
	Percent of construction projects accepted where the final cost is within 10.0% of the original contract cost (including contingencies)	>90%	None this quarter (B)	100%	100%
	Percent of completed construction projects for which inspection cost is not greater than 15.0% of the project's construction costs	>90%	None this quarter (B)	100%	100%
	Percent of time all tentative maps and private development applications are reviewed within the departmental standard review time	>90%	77% (D)	81% (D)	82% (D)

**PUBLIC WORKS DEPARTMENT
PERFORMANCE MEASURES/WORKLOAD MEASURES**

Program	Performance Measure/ Workload Measure	2005-06 Target	2005-06 3-month Actual	2005-06 6-month Actual	2005-06 9-month Actual
Engineering (cont.)	Percent of reported traffic signal complaints to outside contractor investigated within 24 hours of their receipt	>95%	94%	95%	96%
	Percent of citizen traffic concerns processed through the Neighborhood Traffic Management Program (NTMP) within 16 weeks from the time an inquiry is received	>95%	100%	100%	100%
	Percent of contracts and agreements sent to contractors/consultants four working days from the date of Council approval or date "final" agreement was prepared	>96%	100%	100%	100%
	Pavement condition index for asphalt (Metropolitan Transportation Commission rating scale of 0-100, 70-100 being very good)	>75	75	75	75
Business and Internal Support Services	Percent of graffiti removed from public right-of-way within 3 days of report	>90%	95%	95%	95%
	Removal of graffiti on public right-of-way (number of assignments)	<500	99	178	356
	Number of injuries and illnesses	<15	1	2	6
	Number of medical-only cases	<9	1	1	3
	Number of cases where individuals lost more than 3 days of work (indemnity cases)	<6	0	1	3
	Percent of Facilities' preventable maintenance work orders more than 30 days overdue	<10%	7%	5%	2%

**PUBLIC WORKS DEPARTMENT
PERFORMANCE MEASURES/WORKLOAD MEASURES**

Program	Performance Measure/ Workload Measure	2005-06 Target	2005-06 3-month Actual	2005-06 6-month Actual	2005-06 9-month Actual
Business and Internal Support Services (cont.)	Percent of Facilities' work orders classified as emergency or urgent repairs	<10%	6%	5%	4%
	Percent of completed Facilities' work orders requiring corrective action	<5%	4%	3%	2%
	Percent of Fleet's preventive maintenance completed on schedule	>80%	36.5% (E)	38.6% (E)	38.3% (E)
	Percent of time frontline fleet units are available (Public Services and Community Services field vehicles)	>90%	96.5%	97%	96.9%
	Percent of time frontline fleet units are available (Police and Fire emergency units)	>90%	96.4%	97%	96.8%
	Number of road calls/emergency repair requests (Fleet)	<80	23	37	44
Public Services	Percent response time standards met for various utility customer service requests	>90%	90%	90%	90%
	Number of water quality complaints (taste, odor, colored water, low pressure)	<110	7	28	38
	Number of water main breaks	<6	0	1	3
	Number of sewer main blockages	<40	10	19	30
	Percent of sweeping routes completed on schedule	>85%	95%	93%	85% (F)
	Number of sidewalk complaints received	<100	29	53	76

**PUBLIC WORKS DEPARTMENT
PERFORMANCE MEASURES/WORKLOAD MEASURES**

Program	Performance Measure/ Workload Measure	2005-06 Target	2005-06 3-month Actual	2005-06 6-month Actual	2005-06 9-month Actual
Public Services (cont.)	Number of written emergency reports and notifications to regulatory agencies	0	0	1 (G)	1 (G)
	Percent of regulatory repairs submitted on time	100%	100%	100%	100%

- (A) When adjusted for inflation, the diversion rate would be 58%. The diversion rate adjustment comes from the California Integrated Waste Management Board.
- (B) No construction contracts were completed and accepted during the quarter.
- (C) Construction contractor for Project 04-37, San Veron and Rex Manor Parks, exceeded the allowable timeframe and was assessed \$9,000 for liquidated damages.
- (D) Reflects workload issues, including many development submittals. For the second quarter, 16 of 18 submittals were reviewed in the standard review time. For the third quarter, 21 of 26 submittals were reviewed in the standard review time.
- (E) Unable to keep up with preventative maintenance schedules due to staffing reductions and have begun outsourcing some repair work in an office set up.
- (F) Unable to operate street sweeper during heavy rain, and third quarter was especially wet.
- (G) Experienced a subsurface landfill fire that required the shut-down of the landfill gas well for an extended period of time during the second quarter.

**COMMUNITY SERVICES DEPARTMENT
PERFORMANCE MEASURES/WORKLOAD MEASURES**

Program	Performance Measure/ Workload Measure	2005-06 Target	2005-06 3-month Actual	2005-06 6-month Actual	2005-06 9-month Actual
Performing Arts	Percentage of all patron surveys received indicating that the respondent enjoyed their time at the Center	>70%	Reported annually	Reported annually	Reported annually
	Percentage of available performances and rehearsals booked	>85%	76% (A)	81%	86%
	Percentage of available tickets issued (including TheatreWorks performances of Lucy Stern facility events) (B)	>75%	77%	80%	81%
	Percentage of volunteer positions filled	100%	112% (C)	112% (C)	111% (C)
Shoreline	Percentage of annual regulatory permits and reports completed on time	100%	100%	No report due this quarter	100%
	Percentage of trail and park users rating satisfaction above average (maintenance of trails, safety, etc.)	>90%	Survey done in 3rd qtr	Survey done in 3rd qtr	(D)
	Volunteer time staffing equivalent	2.5 FTE	0.40 FTE	.70FTE	1.0 FTE
Shoreline Golf Links	Percentage of revenues generated versus operating costs (E)	>100%	132%	111%	111%
	Number of golf rounds played	68,000	20,306	34,926	46,971 (F)
Forestry	Percent of trees serviced versus those scheduled as part of cyclic pruning program	>75%	91%	91%	91%
	Average cost of trimming per tree (based on industry standards)	\$128	Reported annually	Reported annually	Reported annually
	Percent of trees planted in the prior year receiving maintenance	>95%	98%	98%	98%

**COMMUNITY SERVICES DEPARTMENT
PERFORMANCE MEASURES/WORKLOAD MEASURES**

Program	Performance Measure/ Workload Measure	2005-06 Target	2005-06 3-month Actual	2005-06 6-month Actual	2005-06 9-month Actual
Forestry (cont.)	Number of trees planted annually	250	10 (G)	10 (G)	10 (G)
	Number of trees trimmed or serviced annually, including emergencies	3,600	881	1,830	2,627
	Percent of roadway median islands serviced per program service standards (based on NRPA standards)	>95%	90% (H)	90% (H)	90% (H)
	Percent of inquiries responded to within 24 hours	>95%	97%	97%	97%
	Acres maintained - roadway medians	120.3	120.3	120.3	120.3
Parks	Percent of park construction and irrigation work orders completed in compliance with National Recreation and Park Association (NRPA) Mode II maintenance standards (high level maintenance)	>90%	87%	84%	84%
	Percent of park turf acres maintained in compliance with NRPA Mode II maintenance standards (high level maintenance) (I)	100%	101%	105.36%	91.22% (J)
	Acres maintained - regional parks/public facilities (includes all portions of Shoreline Regional Park, Charleston Slough, Vista Slope and the Crittenden site)	772	772	772	772
	Acres maintained - urban parks/public facilities	191.3	191.3	191.3	191.3
	Percent of playground equipment in compliance with California SB 2733 and the Americans with Disabilities Act Accessibility Guidelines (ADAAG)	>71%	66% (K)	66% (K)	66% (K)

**COMMUNITY SERVICES DEPARTMENT
PERFORMANCE MEASURES/WORKLOAD MEASURES**

Program	Performance Measure/ Workload Measure	2005-06 Target	2005-06 3-month Actual	2005-06 6-month Actual	2005-06 9-month Actual
Parks (cont.)	Percent of inspections completed biannually of all City-maintained park play equipment	100%	Reported in 2nd & 4th qtrs	100%	Reported in 2nd & 4th qtrs
Recreation	Percent of classes cancelled due to lack of registrants compared to the number of classes offered	<10%	4%	6.5%	7.4%
	Percent of class refunds requested due to dissatisfaction compared to the number of individuals participating in classes	<1%	0.49%	0.45%	0.41%
	Percent of adult sports teams registered compared to number of openings	>98%	78% (L)	88.5%	90%
	Percent of partial or full fee waiver registrations compared to total registrations	25%	9.5% (M)	10.5% (M)	11.94% (M)
	Average number of students participating in after-school programs (per day)	192	212.6	235.4	213 (N)
	Average number of Teen Center attendees per night open (capacity of 30)	>20	9.1	9.5 (N)	9.07 (O)
	Percent of weekend BBQ group reservations (May to October) compared to space available	>90%	90%	69% (P)	Reported 1st, 2nd, 4th qtrs
	Percent of time the athletic fields are reserved as compared to peak availability (Q)	>90%	90%	85.5% (R)	88%
	Number of approved general use permits and estimated people served	40 / 4,000	15 / 2,185	22 / 4,410 (S)	24 / 4,560

**COMMUNITY SERVICES DEPARTMENT
PERFORMANCE MEASURES/WORKLOAD MEASURES**

Program	Performance Measure/ Workload Measure	2005-06 Target	2005-06 3-month Actual	2005-06 6-month Actual	2005-06 9-month Actual
Recreation (cont.)	Number of classes/students participating in Deer Hollow Farm school year field trips	175/ 3,600	1 / 60 (T)	63 / 1,444	76 / 1,578
	Percent of teacher evaluations rating Deer Hollow Farm school year field trips good or excellent	>99%	100%	100%	100%
	Percent of parents rating swim lessons good or excellent	>90%	96%	Reported in 1st & 4th qtrs	Reported in 1st & 4th qtrs
	Percent of lap swim participants rating the program good or excellent	>95%	Reported in 2nd & 4th qtrs	96%	Reported in 2nd & 4th qtrs
	Volunteer time staffing equivalent (City-Wide)	18 FTE	3.5 FTE	8.3 FTE	12.8 FTE

- (A) Bookings are down due to financial condition of local performing arts organizations.
- (B) The Center's box office is the only box office where tickets for TheatreWorks' Lucie Stern performances can be purchased.
- (C) More volunteers than required to fill required slots.
- (D) Due to poor weather conditions, the survey will be done in the 4th quarter.
- (E) Calculation does not include overhead costs.
- (F) Rounds is trending low due to number of rainy days in March.
- (G) New trees generally planted in the Spring.
- (H) Roadway crew assisting downtown with tree replacement and infrastructure refurbishment CIP. Median trim cycles extended.
- (I) Mowing may exceed or fall below standard in any quarter due to weather conditions.
- (J) Weather has reduced time available for mowing.
- (K) Project scheduling for playground renovations has been revised elevating the original target estimate.
- (L) Softball was the only sport this season-several teams dropped out due to injuries or other commitments.
- (M) New policy has resulted in reduced number of fee waivers.
- (N) Inclement weather impacted program attendance. New police after school soccer league competed for participation.
- (O) Lower than normal attendance due to less promotion for and anticipated closure for ADA renovations. Renovations now postponed until August. Promotion will increase once renovations are complete.
- (P) Reservations in October are usually low.
- (Q) Peak availability is 5:00 p.m. through one-half hour after sunset or 10:00 p.m. for lighted facilities on Monday through Friday and 8:00 a.m. to 5:00 p.m. on Saturday and Sunday.
- (R) Fields are reported at equal weight. Castro has far less use due to its smaller size and is generally not at capacity.
- (S) Number of people served is high due to Middle School Cross Country and AYSO picture day events.
- (T) First quarter typically low due to start of school year.

**LIBRARY SERVICES DEPARTMENT
PERFORMANCE MEASURES/WORKLOAD MEASURES**

Program	Performance Measure/ Workload Measure	2005-06 Target	2005-06 3-month Actual	2005-06 6-month Actual	2005-06 9-month Actual
Public Services	Number of visitors and Library customers	750,000	225,219	415,924	655,672
	Number of items circulated per capita	16	5.36	10.03	15.09
	Number of items circulated per registered borrower	14	5.38	9.56	12.04
	Number of children participating in children's programs	25,000	11,409 (A)	17,686	21,765
	Number of in-Library use of books and magazines	175,000	56,616	90,376	160,522
	Percent of circulation that is customer self-check	>70%	67%	68%	68%
	Turnover rate:				
	• Juvenile collection	4	0.93	1.86	2.83
	• Media collection	18	4.59	9.17	13.78
	• Total collection	4	1.11	2.25	3.44

(A) There are a greater number of Children's programs offered during the first quarter.

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**FIRE DEPARTMENT
PERFORMANCE MEASURES/WORKLOAD MEASURES**

Program	Performance Measure/ Workload Measure	2005-06 Target	2005-06 3-month Actual	2005-06 6-month Actual	2005-06 9-month Actual
Suppression	Percent of emergency calls (Fire, Paramedic, Hazardous Materials, etc.) that Fire Department units arrive on scene within 6 minutes of notification	>85%	86%	86%	86%
	Fire calls per 1,000 population	1.7	0.55	1.02	1.48
	Emergency medical responses per 1,000 population	38	10.5	19.6	30.7
Fire and Environmental Protection	Percent of plans checked within five working days of receipt by division	100%	100%	100%	100%
	Number of inspections conducted by Environmental Safety Section	1,500	481	906	1,150

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**POLICE DEPARTMENT
PERFORMANCE MEASURES/WORKLOAD MEASURES**

Program	Performance Measure/ Workload Measure	2005-06 Target	2005-06 3-month Actual	2005-06 6-month Actual	2005-06 9-month Actual
Administration	Reduce false alarms	>5%	8%	9%	8%
Field Operations	Sustain Part I crimes index below the mean average for cities listed in annual report (Mountain View, Redwood City, Milpitas, Palo Alto, Santa Clara, and Sunnyvale)	3,135 FY04/05 Index	737 Reported	1,451 Reported	2,223 Reported
	Increase number of weapons taken off the streets of Mountain View	>65	10	23	34 (A)
	Proactively reduce Part I crimes in parks (number of cases compared with previous fiscal year quarter)	<59	10	17	20
	Proactively reduce Part I crimes in the downtown area (number of cases compared with previous fiscal year quarter)	<112	35	84	124 (B)
	Sustain traffic-related injuries below the mean average as compared to the Office of Traffic Safety comparable cities	>350	68	127	187
	Response Time (10-97) of 4 minutes or less on all Priority E and 1 calls for service	>55.55%	60.5%	59.5%	57.9%
Investigative Services	Increase Part I crime clearance	>25%	22.12%	22.33%	23%
Support Services	Percent of incoming 9-1-1 calls answered within 9 seconds of receipt	>95%	97.6%	97.7%	99.6%
	Percent of emergency medical dispatch calls where Emergency Medical Dispatch services were provided to the public	>85%	94.4%	96.3%	96.8%

**POLICE DEPARTMENT
PERFORMANCE MEASURES/WORKLOAD MEASURES**

Program	Performance Measure/ Workload Measure	2005-06 Target	2005-06 3-month Actual	2005-06 6-month Actual	2005-06 9-month Actual
Support Services (cont.)	Percent compliance to protocol on Emergency Medical Dispatch calls	>90%	N/A (C)	N/A (C)	N/A (C)

- (A) Trending lower in number of weapons taken off the streets due to a single case in FY04/05 netting over 40 weapons.
- (B) Part I crimes are trending up citywide primarily due to an increase in theft related crimes. The downtown area mirrors this trend.
- (C) Re-evaluating quality control of data. Currently looking for a contractor to analyzing the data.